

PROPOSAL OVERVIEW AND ENROLLMENT PROJECTIONS

Please provide information for the applicant group's **designated representative**. This individual will serve as the contact for all communications, interviews, and notices from the ICSB regarding the submitted application.

IMPORTANT NOTE: *The full application, including this form, will be posted on the ICSB website. Applicants are advised that local community members, including members of the media, may contact the designated representative for questions about the proposed school(s).*

Legal name of group applying for charter(s): Goodwill Education Initiatives, Inc.

Names, roles, and current employment for all persons on applicant team:

Jim McClelland, President / CEO, Goodwill

Scott Bess, Chief Operating Officer, GEI

Schauna Findlay, Chief Academic Officer, GEI

Betsy Delgado, Managing Director, The Excel Center

Designated applicant representative: Scott Bess

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Indianapolis, IN 46222

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Provide the requested information for each school included in this proposal.
(You may add lines to the table if needed.)

Proposed School Name	Opening Year	School Model (e.g., college prep, dropout recovery)	Geographic Community *	School District(s) in Proposed Location	Grade Levels at Full Enrollment
The Excel Center Kokomo	2013	High School for Adults	Kokomo	Kokomo-Center Twp Community School Corporation	9-12
The Excel Center Lafayette	2013	High School for Adults	Lafayette	Lafayette School Corporation	9-12

The Excel Center - Muncie	2014	High School for Adults	Muncie	Muncie Community Schools	9-12
The Excel Center – Johnson County	2015	High School for Adults	Johnson County, IN (Greenwood, Edinburgh or Whiteland)	TBD.	9-12
The Excel Center – Marion	2016	High School for Adults	Marion	Marion Community Schools	9-12
The Excel Center – Shelbyville	2017	High School for Adults	Shelbyville	Shelbyville Central Schools	9-12

NOTE: * Please indicate the city/town and, if known, potential address or neighborhood of location. Virtual operators should indicate the relevant geographies the operator intends to serve.

Proposed Grade Levels and Student Enrollment

Provide the following information for each charter school included in this proposal. Specify the planned year of opening for each, the grade levels served, and both the planned and maximum number of enrolled students by grade level for each year. (You may duplicate the table as needed.)

Proposed School Name:	The Excel Center	
Academic Year	Grade Levels	Student Enrollment (Planned/Maximum)
Year 1 (specify starting year)	9-12	300
Year 2	9-12	300
Year 3	9-12	300
Year 4	9-12	300
Year 5	9-12	300
At Capacity	9-12	300

Each Excel Center location has the same basic design. The table above applies to each school in this application.

Do any of the proposed schools expect to contract or partner with an Education Service Provider (ESP) or other organization for school management/operation?* Yes No

If yes, identify the ESP or other partner organization:

Will an application for the same charter school(s) be submitted to another authorizer in the near future?
Yes No

If yes, identify the authorizer(s): _____

Planned submission date(s): _____

Please list the number of previous submissions for request to authorize this(ese) charter school(s) over the past five years, as required under IC § 20-24-3-4. Include the following information:

Authorizer(s): Mayor of Indianapolis (Approved)
Indiana Charter School Board (Approved) _____

Submission date(s): Spring 2010; Fall 2011 _____

The Excel Center

Charter Application Fall 2012

A charter proposal by
Goodwill Education Initiatives, Inc.

Sponsored by:
Goodwill Industries of Central Indiana, Inc.
1635 W. Michigan St.
Indianapolis, IN 46222

Proposed School Locations:

Kokomo
Lafayette
Muncie
Johnson County
Shelbyville



Table of Contents

Executive Summary 1

Section I: Evidence of Capacity 4

Founding Group Membership..... 4

Governance 9

Network Vision, Growth Plan, and Capacity..... 9

Network Management..... 17

Section II: School Design..... 19

Education Plan 19

Parents and Community 19

Performance Management 20

Section III: Implementation Plan 24

Human Capital 24

Start-Up & Operations 30

Facility Plan 32

Budget & Finance 33

Section IV: Portfolio Review & Performance Record 33

References..... 38

Executive Summary

The mission of The Excel Center is to provide adults the opportunity and support to earn a high school diploma and begin post-secondary education while developing career paths in sectors of the local economy that offer better-than-average employment and growth opportunities. The school will “meet students where they are” in their education by providing a flexible structure and supportive relationships to help them manage work, life and family concerns as they achieve their educational goals.

Goodwill Education Initiatives, Inc. (GEI) opened the first Excel Center location in 2010. Large numbers of individuals applied to the school, seeing it as a unique opportunity to earn a high school diploma, and community leaders have appreciated the school’s ability to prepare more individuals for postsecondary education and skills training necessary in 21st-century work environments. After the first year of operation, the Excel Center added two additional locations in 2011 and 2012. The Indiana Charter School Board has already approved an Excel Center in Anderson, Indiana, which opened in August 2012.

The initial results of the Excel Center – and the continued demand for a school in other communities – suggests that further expansion of the The Excel Center could reach more students and can increase overall educational attainment in cities across central Indiana. The Excel Center will allow more students to have stable, convenient access to an educational model designed around the unique needs of adults who have dropped out of school. Across central Indiana, there are roughly 300,000 individuals over 18 without a high school diploma. The Excel Center could offer a significant number of these individuals an opportunity to improve their educational attainment. To meet some of this demand, Goodwill Education Initiatives (GEI) is requesting additional charters to reach more communities in central Indiana with the Excel Center model.

GEI plans to open two new Excel Center locations in 2013 in Kokomo and Lafayette. Additionally, the school plans to expand to Muncie, Johnson County, Marion and Shelbyville in future years. By 2017, the Excel Center would operate in eleven locations across central Indiana. Each school can serve 300 adult students, increasing total Excel Center enrollment to more than 3,000 adult students.

Each of these communities has ample need for the educational opportunity the Excel Center provides. In each location, there are thousands of adults who lack a diploma, making them unprepared to build the skills needed to be competitive in the workforce. The Excel Center can take an important position in a local education landscape: many community colleges struggle to serve students in need of significant remediation, and the Excel Center serves a unique role in building skills among its students so that they are prepared for the next stage in their continuing education. An Excel Center helps some of the more disadvantaged members of the local community become skilled and productive members of the workforce.

An individual who drops out of high school faces a number of challenges that affect his or her current well-being and future success. High school dropouts have worse health, lower incomes, and fewer job opportunities than the general population.ⁱ In addition, high school dropouts are more likely to have lower earnings, be recipients of government welfare, and are eight times more likely to be incarcerated than high school graduates.ⁱⁱ The Excel Center will seek to enroll students over 18 who have not completed high school, and have either dropped out or are severely under-credited compared to their

cohort. While the Excel Center will accept any student who applies to attend the school, the school will recommend other educational options for students who may benefit from a traditional-age high school.

The Excel Center provides a structured environment that meets the particular needs of adult students as they work towards a high school diploma. Many adult learners face additional non-academic barriers to their educational success, many of which were prominent reasons that many students dropped out of school in the first place. Many of these other reasons remain significant barriers to their educational progress; effective educational opportunities for adults must provide supports and flexibility to promote student achievement while maintaining a supportive learning environment that helps students overcome the various challenges to their continued education. Students will enter the school at a variety of skill levels and degrees of attaining credits, so school will create a flexible environment that gives each student a realistic path for their educational success and a possible career.

The communities GEI has chosen in central Indiana reflect several key characteristics that make them suitable for a new Excel Center. First, they contain large numbers of individuals without high school diplomas. Additionally, these areas have sufficient density that students with transportation barriers will still be able to attend an Excel Center consistently with minimal effort. Second, each of these communities has a strong community college presence, allowing students to enroll in dual credit courses and so that Excel Center graduates can continue their education at the postsecondary level. Lastly, there is sufficient community size and support so that the school can connect with an array of supports the out-of-school barriers students face, and to connect students to future employment options once students have earned certifications and built their workplace skill levels.

GEI has begun extensive community outreach to engage with community partners, business leaders, and education institutions to explain the goals of the Excel Center model. GEI has prioritized Lafayette and Kokomo to open next year, and will benefit from having future charters already approved in order to begin recruiting and developing leadership talent, conduct extensive community outreach, and find suitable facilities for new locations.

The Excel Center model has three main pillars: a secondary-level academic platform that fits needs of non-traditional students, a College and Career Readiness focus on viable careers, and a “coaching” program that works with students to identify barriers to their education and proactively plan ways to remain engaged in their education. The Excel Center provides a rigorous, Common Core-aligned curriculum with an accelerated schedule that allows students to work quickly to earn course credit and progress at a faster pace than a traditional high school. The Excel Center’s instructional program is aligned to Common Core standards and includes team-taught courses, fixed length teaching, and, in non-essential courses, credit recovery. College and Career Readiness functions are ingrained in the regular functions of the school. Students who demonstrate the skills necessary to work at postsecondary level are encouraged to take postsecondary-level coursework as a way of encouraging students to continue learning at the college level. As a result, dual credit and postsecondary credits are a strong feature of Excel Center schools. In addition, the Excel Center identifies particular industries with above-average growth potential and introduces students to that industry, helping students explore careers in that field and find a career pathway that leads to productive work. Coaching in the Excel model is an attempt to address the life barriers and issues that prevent students from being successful. The Excel Center coaches are responsible

for keeping students engaged and motivated in the school. The relationship that coaches create with each student is a critical factor in student success, as that relationship will provide security, confidence and encouragement for students to continue when the work becomes difficult and life barriers become difficult to manage. Coaches will work with students to identify potential barriers to students' continued education, whether through short-term barriers (such as housing and childcare) or long-term challenges (including student self-efficacy and self-confidence). The Indiana Charter School Board approved the basic design of the Excel Center model in 2011 as a part of its application to open a school in Anderson.

The Excel Center model has begun to show tangible results. The school's academic model has proven effective at helping its students earn the necessary credits for a Core 40 diploma and to pass the ECAs. As a result, the school has graduated 127 students in 2012 year to date, with the majority achieving success in college and career readiness preparation.

The Excel Center locations will be managed by Goodwill Education Initiatives, Inc. GEI was established in 2004 with the support of Goodwill Industries of Central Indiana, Inc. to operate charter schools. GEI currently operates holds three charters to operate schools in six locations. GEI's first school, the Indianapolis Metropolitan High School, serves traditional-age high school with a challenging student population. GEI currently operates Excel Centers in four locations in Marion County, all of which are chartered by the Mayor of Indianapolis. In total, GEI's schools have over 1,600 enrolled students, serving primarily disadvantaged and low-income student populations. GEI share support functions between its schools, including leadership, student outreach, data and reporting, and special education. This arrangement allows GEI's schools to deal efficiently with a variety of needs and barriers to student success, and to build upon experience GEI has gained through the maturation of the Indianapolis Met and the development of the Excel Centers. Goodwill Industries supports GEI by providing a number of back-office support functions for the school, including facilities management, IT and HR support, and marketing.

GEI leadership has decades of experience operating successful businesses, not-for-profits, and are involved in public policy. Many leaders on GEI's board have also served on the board of Goodwill Industries. There has been strong consistency and longevity among GEI leadership. The current board roster has over 45 years' collective experience governing Goodwill Education Initiatives and the schools it runs. In addition, GEI leadership has well-seasoned staff with skills in academic and curricular design, student outreach and enrollment, special education, adult education, and college and career readiness.

In order to add several more schools, GEI has invested in its leadership capabilities to manage the schools it has in its portfolio. The Excel Center will operate in eleven locations by 2017, and GEI has begun to implement procedures and install systems to support GEI leadership as it manages its schools. A number of Excel Center leaders are actively involved in leadership development programming, both internal and external, and a number of the school's Lead Teachers are being groomed to be future school leaders in new Excel Center locations. Additional network-level support staff have been hired, further strengthening GEI's capabilities in academic instruction, school accounting and finance, and data analysis and data-informed decision-making. Additionally, the school has invested in IT infrastructure to support the school's growth. The school has implemented a Learning Management System that allows teachers to host course materials online, to host and distribute the Excel Center curriculum and lesson plans across

locations, and to provide a system for students to progress through coursework and to take quizzes and other assessments. GEI is building a data warehouse to make analysis and data-driven management decisions regarding school operations. This system will equip leaders and teachers with interim assessment data, facilitating analysis of student-, classroom- and school-level indicators, including easy comparison between Excel Center locations.

Each of these investments will be critical components to the school's growth plan and its ultimate ambition to increase education levels for more Hoosiers. Throughout its existence, Goodwill has attempted to address the most pressing social needs in the central Indiana community and is eager to expand the impact of the Excel Center to improve education levels in more communities across Indiana.

Section I: Evidence of Capacity

Founding Group Membership

The Excel Center concept was originally developed by Goodwill Education Initiatives, Inc. (GEI). GEI is affiliated with Goodwill Industries of Central Indiana, Inc. ("Goodwill"). The Excel Center's leadership team includes representatives of the Excel Center, GEI, and Goodwill.

Jim McClelland has served as Goodwill Industries' CEO since 1974. During his leadership, Goodwill has strengthened a now-thriving retail business, established innovative workforce development programs, and, in recent years, tackled the central Indiana community's challenges on educating young people. McClelland presides over an organization that now has over 2,700 employees employed in Central Indiana in donated goods retail stores, light manufacturing, janitorial and contracts work, workforce development services, and education initiatives.

Scott Bess has served as Chief Operating Officer for GEI since 2005. During that time, GEI has grown in overall enrollment from 120 students to 1,600. This growth has included the maturation of the Indianapolis Metropolitan High School and the establishment of the Excel Center, which has grown from one location in 2010 to five in 2012. Scott has been a teacher and has worked in the information technology field for a Fortune 500 company and as an independent business owner. Although the Indianapolis Met did well with most of the students it has enrolled, Bess observed that older, under-credited students had little success in the Met. Seeing this opportunity, Bess designed the Excel Center as an alternative high school for older students who could benefit from a more mature academic environment.

Dr. Schauna Findlay, Ph.D., is the Chief Academic Officer for Goodwill Education Initiatives. Dr. Findlay supervises the academic programs for Indianapolis Metropolitan High School and The Excel Centers. Prior to joining Goodwill, Dr. Findlay was the Director of Curriculum and Instruction at the Indiana Department of Education. There she supervised all content area specialists, Indiana's Academic Standards, implementation of state code regarding curriculum requirements and recommendations, and served as a team member of all areas impacting the state's academic achievement. Dr. Findlay was responsible for the state's plan for implementing the Common Core State Standards. This included leading teachers, coaches, professors, and content experts in the development of state curriculum maps which serve as a starting point for schools to develop curriculum, resources which support the standards, and formative assessments which align with the curriculum. She also supervised the Division of College

and Career Preparation which worked with business, industry, and higher education to develop career pathways which lead to certification or dual credits.

Prior to serving at the IDOE, she served as Director of Curriculum with the state's second largest district, Fort Wayne Community Schools. Dr. Findlay served as an elementary principal increasing ISTEP+ scores from 78% to 94% in one year. She also served as a secondary administrator and English teacher in grades 7-12. She graduated with honors from Purdue University with a Bachelor's degree in English. She earned a Master's degree in Curriculum and Instruction from Indiana Wesleyan University where she was named the Outstanding Educator in her graduating class. Her doctorate in Educational Leadership was earned from Purdue University.

Board Leadership The Goodwill Education Initiatives board brings together an array of skill sets: business operations, event planning, education, finance, and other skills. The board includes the following individuals:

- C. Perry Griffith, Chair
- Gina DelSanto, Vice Chair
- Holly Hill-Brooks, Secretary
- Juan Gonzalez
- Jeffrey Harrison
- Bruce Jacobson
- Michael O'Connor
- Fred C. Tucker, III

Collectively, this group has over 45 years experience working as a school board for Goodwill Education Initiatives. This leadership team has governed Goodwill Education Initiatives since the Indianapolis Metropolitan High School was founded in 2004. The leadership team has extensive organizational leadership experience managing for-profit and not-for-profit businesses, working in public policy, serving on the boards of local community organizations, and managing schools.

Partner Organizations

Goodwill Industries of Central Indiana, Inc.

Goodwill Education Initiatives' most significant partner is its parent organization, Goodwill Industries of Central Indiana, Inc. Goodwill supports GEI by providing substantial back office support for school operations, allowing GEI staff to focus most of their efforts on providing quality educational opportunities for its students. Goodwill Industries supports Goodwill Education Initiatives in a variety of in-kind and financed support services, including:

- Use and maintenance of GEI facilities, including renovations of new space
- Administrative support through accounting, IT services, recruitment and HR practices
- Development and fundraising support, as well as capital support through the Goodwill Industries Foundation of Central Indiana

- Connecting students and their families to resources in the community. Goodwill maintains solid working relationships with a number of community-based organizations, not-for-profits, and public organizations.

Goodwill Industries of Central Indiana, Inc. serves 29 counties in central Indiana.

Motivation to Replicate the Excel Center

Since its founding in 1930, Goodwill Industries of Central Indiana, Inc. has attempted to address the most pressing social needs in the central Indiana community. Throughout its history, Goodwill has provided opportunities for individuals with few vocational options to gain viable employment, whether through direct Goodwill employment or to receive skills training to find jobs elsewhere. Goodwill has recognized that it can add considerable value to the communities it serves by helping young people and adults who have struggled or failed in other educational settings complete high school and attain a post-secondary degree or other recognized credential.

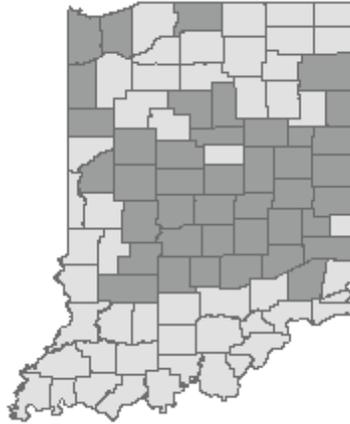
In 2004, Goodwill Industries leadership created Goodwill Education Initiatives, Inc., a not-for-profit entity formed in 2004 to operate charter schools. That year, the Mayor of Indianapolis authorized a charter for the Indianapolis Metropolitan High School. Since its opening, more than 750 students have attended the high school. The Indianapolis Met currently has over 400 students. The Mayor of Indianapolis gave the school a full seven-year renewal of its charter in 2010.

In 2010, Goodwill Education Initiatives opened the Excel Center, a high school designed to work with young adults who have dropped out of school. Structured to meet the unique needs of older students, the Excel Center includes an array of supports that address life needs outside the classroom, including childcare, transportation assistance, and balancing school with work. The Excel Center has been extremely popular in an adult education landscape with few alternative options. Since its opening in September 2010, more than 4,000 individuals have applied to the school. The Excel Center's extended hours, skilled support staff, and the array of educational resources at their disposal has provided significant benefits to a population in an area where many adult education providers are experiencing cutbacks.

First chartered by the Mayor of Indianapolis to open locations in Marion County, the Excel Center serves over 1,400 students in five locations. In 2011, the Indiana Charter Schools Board approved a charter for an Excel Center in Anderson, Indiana, which opened in August 2012.

Since the opening of the Excel Center in 2010, communities across the state of Indiana have expressed strong interest in opening a site in their area. For a variety of reasons – acute community need, a lack of viable alternatives, or limited resources of existing adult education services – individuals and community organizations have investigated whether the Excel Center model could benefit their local communities. Although its locations have been in central Indiana, individuals from 41 counties across Indiana have expressed interest in attending the school.

Indiana counties where at least one individual has applied to the school



Individuals from the shaded counties above have expressed interest in attending the Excel Center locations in central Indiana. The Excel Center has gathered significant interest from individuals beyond the Indianapolis area. There is clear demand from prospective students for more Excel Center locations, and more Excel Centers could benefit larger numbers of Hoosiers by increasing their skill levels and preparing them for work in industries with good growth potential.

In addition to the benefits the Excel Center brings to its students, the school also meets a need of the larger community: increasing the skill level of the local workforce. By serving an underserved and challenging population, the Excel Center's work promotes education attainment and skill development, further strengthening a community's ability to attract future investment. The report *Indiana's Forgotten Middle Skill Jobs: Meeting the Demands of a 21st-Century Economy* shows the need for a new education opportunity for more Hoosiers:

“Indiana needs a bold and broad vision to address the educational and economic challenges facing the state during these tough economic times and beyond. Those challenges demand a truly transformative vision that allows every worker to be a part of the economic recovery: guaranteed access to two years of postsecondary education or training. Every Hoosier must have the opportunity to earn the equivalent of at least two years of education or training past high school that leads to a vocational credential, industry certification, associate's degree, or one's first two years of college. It must be available at whatever point and pace makes sense for individual workers and industries. Indiana must further ensure that every resident has access to the basic skills needed to pursue such education.

[...]

Like the nation as a whole, Indiana faces substantial challenges when it comes to basic skills. In 2003, 8 percent of Indiana residents lacked basic prose literacy skills. Over one-half million working age Indiana residents do not have a high school diploma... What is more, only about 8 percent of Indiana adults with less than a high school diploma are enrolled in adult basic

education, and less than 12 percent of residents with limited English proficiency are enrolled in English as a Second Language (ESL) classes.

This evidence suggests that Indiana faces challenges in meeting the basic skill attainment levels needed to grow its middle-skill workforce. By better aligning adult basic education with industry-focused training, many more Indiana residents could prepare to enter and succeed in middle-skill jobs and businesses would have a pipeline of workers to help meet immediate demand.”ⁱⁱⁱ

School Leader and Leadership Team

Betsy Delgado has been Managing Director of the Excel Center since June 2011. Delgado designed a number of structural and operational changes to the Excel Center model to make it a more appropriate and effective design for the school’s adult student population. The school’s academic instruction, life coaching design and focus, and post-secondary goals have all been refined in order to increase the relevance of the education for adult learners. Additionally, she has grown the Excel Center from one location to five, recruiting and training staff, and managing performance at each of these locations.

Prior to joining GEI, Delgado was involved in Community and Continuing Education at the Metropolitan School District of Washington Township, where she was involved with adult education efforts for the school district. Serving in that role for six years, Delgado was responsible for managing a staff of 50 involved in adult education. Delgado’s stellar reputation in adult education led to her program being regarded as a highly effective model by the Department of Workforce Development. Previously, Delgado has served as an English teacher in California and England. Delgado holds a Bachelor of English and Education from the University of North Dakota and is projected to complete a Masters in Administration from Ball State University in 2012.

Since she joined the Excel Center, the school’s performance has seen significant improvements. Before she joined – in the Excel Center’s first year of operation – students in the Michigan Street location earned 400 credits over the course of the year and had four graduates. In her first full year managing the Excel Center, thousands of credits have been earned and 127 graduates have completed their high school education.

Delgado’s role in opening new Excel Center locations will be similar to her role establishing the Anderson location. Immediately after approval, Delgado will devote a substantial portion of her time to the development of the Kokomo and Lafayette Excel Center locations. A site director will be selected for each location by January of 2013. Site-level directors in the other Excel Center locations are responsible for managing day-to-day operations, allowing Delgado to spend the majority of her time on new school planning and leadership development. Delgado has successfully opened four Excel Center locations in the past two years; she has been effective in selecting school leadership, hiring staff, and managing facility needs to launch new locations. While she works on the new Kokomo and Lafayette locations, and the locations in subsequent years, Delgado will be compensated with funds GEI has available from other sources, including Goodwill support. Delgado’s compensation will be split proportionally by the number of students operating in all of the sites across Indiana.

GEI leadership has been effective at managing the operations of the Indianapolis Metropolitan High Scholl and the Excel Centers. Collectively, GEI's administrative team has an array of skills in school management and performance management; business and finance operations, curriculum, instruction and assessment; data analysis; special education; community and student outreach; college and career readiness, and management of the Excel Center model. As the number of Excel Centers increases, GEI has incorporated new skills in its leadership team related to accounting/finance and student/school data analysis. GEI's leadership includes:

- Scott Bess – Chief Operating Officer
- Betsy Delgado – Managing Director
- Schauna Findlay – Chief Academic Officer
- Lori Thompson – GEI Controller
- Dan Scott – Data Services
- Gregory McClure – Special Education
- Courtney Rent – Community Outreach

Background information on this leadership team is included in Attachment 3, excluding those leaders who were included in Attachments 1 and 2.

Governance

Governance information on the Excel Center is unchanged from its 2011 ICSB application. Please refer to that application for detailed information on Excel Center's governance structure.

Network Vision, Growth Plan, and Capacity

GEI has not developed a business plan for its expansion. The answers below outline its growth strategy.

Strategic Vision for the Excel Center's Growth

The Excel Center has reached a unique need in an adult education landscape in Indiana. Since the opening of the Excel Center in 2010, many organizations and community leaders across Indiana have asked whether it would be possible to open an Excel Center in their local community.

The Excel Center has begun to achieve strong results in helping adults gain a high school diploma and enter postsecondary education and/or good jobs via skills certifications. Nevertheless, there remain large numbers of individuals who lack a high school diploma, and they remain limited in their ability to continue their education, find a good job, and get connected in a higher-level vision. There are 299,000 individuals in central Indiana over age 18 who lack a high school diploma. Currently, the Excel Centers can serve 1,400 of these individuals at any point in time. There are hundreds of thousands of Hoosiers who live too far away from the Excel Center's current locations to enroll in the school. As a result, the school has not begun to reach all of the existing demand in Indiana for adults to earn a high school diploma.

The Excel Center hopes to expand in order to reach that demand. New Excel Centers can work to achieve three of the school's key goals:

- Assist adult students to earn a high school diploma.

- Build basic skills with the hope of connecting students to some form of postsecondary education.
- Improve employability of adults with low skill and education levels across Indiana.

In addition to those primary goals, an Excel Center can create several other lasting benefits in a local community. An Excel Center may serve as a feeder system for skills training programs that improve work readiness for individuals in particular geographic regions. By increasing the skill level of the local community, the Excel Center can increase the number of skilled workers in high-growth fields, making that area more attractive to potential business investment. Additionally, children of parents who have dropped out of school are more likely to drop out of school themselves; the Excel Center serves a unique role of re-engaging parents of children in school, which can further improve student attainment of their children. Children of parents who graduate from high school are themselves far more likely to graduate from high school than are children of parents without a high school degree.^{iv}

The Excel Center can reach more students and can increase educational attainment in cities across central Indiana. By adding more schools across central Indiana, more adults who lack good options to continue their education can get connected and grow. Some students have been willing to drive long distances to attend school, but this option is only limited to students who have the financial resources and time to travel to the Excel Center’s additional locations. By adding new locations in other cities, the Excel Center will allow more students to have stable, convenient access to an educational model designed around the situation and unique needs of adults who have dropped out of school.

Criteria for Selecting Locations

The Excel Center already operates in Indianapolis and Anderson. In selecting new locations in central Indiana, GEI viewed three key criteria for selecting new Excel Center target cities:

- *Potential demand:* Sufficient numbers of individuals who lack a high school diploma
- *Postsecondary educational opportunities:* Access and availability to postsecondary educational options in the local community through community colleges (including Ivy Tech).
- *Local community and business support:* Sufficient community support and infrastructure that promises job opportunities for graduates who wish to work,

Demand for the new Excel Center locations is first identified by using U.S. Census data. This analysis viewed the number of adults without high school diplomas in census tracts across central Indiana, among students aged 18-24 (the most-represented age group in the school) and all ages. The analysis looks at the number of dropouts at two levels: the number of people without diplomas that live in Census Tracts less than two miles away from the city center, and the total number of people who live within ten miles of each city or town. Casting a small two mile radius attempts to calculate the number of individuals with easy access to the school: it reflects the fact that more students who struggle with transportation issues will be able to attend an Excel Center in this town. The ten mile radius suggests that, if a student has the means to get to a school over larger distance, the reasonable limit that a student could drive to the school.

Table: Number of individuals over age 18 without a high school diploma
Central Indiana locations not currently served by an Excel Center location

City	Within 2 miles of city center		Within 10 miles of city center	
	Ages 18-24	All Ages	Ages 18-24	All ages
Lafayette	2,180	10,126	2,611	13,137
Muncie	1,198	8,701	2,780	18,750
Kokomo	1,216	7,840	1,999	11,950
Richmond	1,173	6,869	1,782	10,135
Marion	847	6,053	1,324	9,419
Greenwood	1,055	5,625	16,984	94,493
Columbus	1,171	5,446	2,169	11,157
West Lafayette	1,025	5,183	2,575	13,499
Connersville	530	4,394	1,232	8,791
Frankfort	767	4,188	1,222	7,072
New Castle	692	4,155	1,673	10,555
Plainfield	776	3,529	11,841	66,134
Shelbyville	607	3,470	1,941	11,464
Bloomington	528	3,274	1,398	10,370
Martinsville	582	3,270	2,129	12,483
Crawfordsville	578	3,092	807	4,119
Franklin	567	2,737	3,941	20,367
Greenfield	418	2,527	4,351	20,092
Noblesville	577	2,403	8,203	28,948
Carmel	853	2,241	16,270	61,798
Greensburg	336	2,141	924	5,394
Lebanon	429	1,840	1,715	6,796
Fishers	745	1,635	20,863	78,003
Brownsburg	424	1,531	13,204	57,882

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates

Postsecondary educational opportunities are important in these communities because the Excel Center model is predicated on quality educational options for students while in high school and after they earn a diploma. The Excel Center “prepares students for what comes next” in their education, and a quality school location must have good options for next steps. As a result, locations that have quality postsecondary opportunities are higher priorities for new Excel Center sites. All of the projected Excel Center sites have Ivy Tech Community College campuses in their areas.

Lastly, an Excel Center requires a **cohesive array of community supports** that (1) has sufficient resources to address the out-of-school barriers that students will face, and (2) access to job opportunities that can engage students with tangible job opportunities. These opportunities are only available in cities and towns with a cohesive network of professional services, most often with cities of a certain size.

Based on these criteria, the Excel Center plans to expand to the regions listed below. Each location will have 300 enrolled students. Based on current performance results in the existing Excel Centers, it should

be expected that each location will include at least 50 graduates each year.

Year Opening	2013	2014	2015	2016	2017
Location of School(s)	Lafayette Kokomo	Muncie	Johnson County	Marion	Shelbyville
Number of New Students	600	300	300	300	300
Total Number of Excel Center Students	2,000	2,300	2,600	2,900	3,200

Through its existing schools, GEI has demonstrated that it is committed to delivering a quality educational program for its students. The most important component of GEI’s management is the quality of its leadership. Since 2004, GEI’s leadership team has continuously monitored school performance data closely, and when indicators have been trending in the wrong direction, GEI has moved quickly to make changes in order to improve student outcomes. GEI has made significant changes to all of its schools when poor performance required a clearheaded analysis of what worked well in the school and what needed to change.

GEI’s overall enrollment began to grow in 2010 with the opening of the first Excel Center. Since that time, GEI has aggressively recruited talent to support the effective expansion of its schools. In 2011, GEI hired a Chief Academic Officer to support the development of high-quality curriculum. Additionally, the Managing Director of the Excel Centers provided considerable strategic direction in the Excel Center’s focus, goals, and organizational culture. In 2012, additional staff were hired to bolster the organization’s skills in information technology, accounting and finance, and data analysis and informed decision-making. At the same time, key staff within the existing Excel Centers is being developed to eventually operate their own locations.

Securing talent is a primary reason why GEI is requesting six charters during the current application cycle. Approving a number of charters in future years establishes a clear direction for the Excel Center’s growth, thereby increasing GEI’s ability to acquire and develop highly talented individuals to lead new schools in development. High-performing individuals who are already GEI staff will be encouraged to develop their skills because GEI will rely upon the development of its staff to continue meeting its growth objectives. Additionally, new staff can be attracted to the Excel Center knowing that the organization will present a number of opportunities to enter into leadership as new Excel Centers open around central Indiana.

Excel Center Network

GEI has created growth plans that aim to enroll potential students in communities across central Indiana. However, there remain some locations where other providers may be better equipped to implement the Excel Center model in a particular geographic area. In these locations, a local partner may be more effective in creating an Excel Center location by licensing the core model elements from Goodwill. This situation may be preferable for one or a number of reasons:

- A partner organization may have access to support infrastructure that can improve and support school operations. These other organizations may be able to extend this infrastructure to a new Excel Center location more cost-effectively than Goodwill can, particularly when a partner is very far away from Goodwill's core operations.
- The educational landscape in a given community may require significant awareness and involvement in local and state education policy conversations. A local organization may be much closer to these debates and will be able to respond more nimbly and appropriately to discuss the impact of reform efforts on the Excel Center's model.
- A local partner may be better equipped to create effective partnerships with organizations in local community, especially when a partner has already established a reputation for providing high-quality services and is well-respected. These partnerships can facilitate a coach's need for community resources to address student barriers, or they can make stronger career pathways that allow graduates the chance to access good jobs in high-growth industries.
- In the United States, Goodwill Industries organizations are independent organizations that are allowed to pursue their missions in designated territories. As a result, Goodwills cannot do business in other territories without the consent of the local Goodwill. However, this limitation does not apply to services and fees for services that may involve organizations that are located in other communities.

Due to these reasons, Goodwill has developed a license option in order to extend the Excel Center model by partnering with capable and appropriate partner organizations. Our vision is to create a network of schools that leverages the collective expertise of school leaders, teachers and staff from all over the country. By participating in our online systems and in professional development, peer-to-peer sharing among teachers, school leaders and staff ideas will spread best practices from one community to others. Traditional dropout recovery programs are often fragmented, small, and ineffective at connecting students into larger college and career goals.^v The Excel Center Network would develop a large community of practice around effective ways to help adults not only to earn a high school diploma, but also to be prepared for future job opportunities. Goodwill is currently developing plans to license its first Excel Center Network location in Richmond, Indiana.

Resources have been bundled in a package that delivers the basics of the instructional model so that partner organizations can use our curricular resources and build on our lessons learned. Participants who receive this package will be charged fees for these services; revenues will be used to invest in further improvements to the school model and to improve the systems we use to share everything we learn with our partner schools.

- **Curriculum and Educational Philosophy** – The entire Excel Center curriculum is available for partner organizations to use. Courses are accessible through the Excel Center's learning management system. Lesson plans, Common Core-aligned final exams, and other educational resources are included as components of these materials.
- **Professional Development** – Assistance will be given to equip staff in other locations to improve classroom instruction and school operations. Structured sessions include webinars and attendance at an annual conference for Excel Center staff.

- **Web-based portal and data management systems** – Excel Center schools will give local staff access to the Excel Center’s Learning Management System, which has been developed by EdLine. The data warehouse is being developed by Goodwill and will use Tableau software to provide a user-friendly front-end to allow school leaders and teachers to provide summary-level reporting that allows users to drill-down to specific students in its analysis. The data warehouse will also allow comparison studies between Excel Center locations in order to enable school leaders to identify high-performing locations. This analysis will encourage partners to benchmark results and request additional assistance in applying the most effective practices across the Excel Center Network.
- **Technical assistance in school start-up and performance management** – During the first few years of start-up, staff from GEI will assist school leaders in designing effective start-up plans and developing high-performing operations in a number of key areas of performance management, authorizer relations, board development and public policy.
- **National marketing and public relations** – The use of the Excel Center name and branding will be granted to local partners, and we will develop national-level marketing materials and a Web presence for the entire network. Additionally, messaging assistance will be given to help local stakeholders interpret results and performance outcomes of the school.

The services that are provided to licensed schools will form the backbone of each partner school. Partners will use and build upon the curriculum the Excel Center Network provide and implement the Learning Management System to facilitate student/teacher communication, scheduling, and assessments/grading. Additionally, the Network will conduct school leader training to ensure that new leaders understand the principles, structure and critical success factors of the Excel Center model. The ultimate vision of the Excel Center Network is to create a community of practice among its affiliated partner schools in order to share training, educational and model resources, and best practices among school leaders, board members, teachers, and support staff. This structure will leverage the collective expertise of school leaders, teachers and staff from all over the country. This vision will be strengthened in those areas where local conditions – political realities, industry needs, and community demographics and best practices within specific subpopulations – require the model to be refined and improved. By participating in the Excel Center Network’s online systems and in professional development, peer-to-peer sharing among teachers, school leaders and staff ideas will spread best practices from one community to others.

Capacity to support and ensure quality

GEI has rapidly grown the Excel Center in effort to meet available demand of adults who desire to continue their education. GEI has added two additional Excel Center locations in each academic year, growing the school’s enrollment from 300 in its first year to 1,400 in 2012. During that time, the Excel Center’s staff has grown from 20 to over 100. The school has been able to open new locations quickly because GEI and Goodwill bring together a collection of skills, experience, and talents to open a number of locations quickly. GEI is supported by the leadership of Goodwill Industries, and collectively, the Excel Center’s growth plans are supported by capable leaders, managers, and individuals who are committed to the Excel Center as a part of both GEI’s and Goodwill’s core mission.

The support of Goodwill Industries has been a critical component of the Excel Center’s rapid growth. Goodwill’s support infrastructure has covered a number of organizational and operational tasks that allow

educational leadership to devote their time and energy to the formation of new schools and to shaping its culture. Goodwill has developed strong capabilities in taking initiatives to scale across its geographic area, and Goodwill's organizational culture emphasizes staff's ability to mobilize quickly to take advantage of an opportunity when it arises. The best evidence of this capacity is in the growth of Goodwill's Retail stores. Since 2004, Goodwill has added or relocated more than thirty Goodwill stores, opening an average of six each year. The experience Goodwill has gained opening dozens of new stores – recruiting new staff, promoting the store in the local community, securing a building and making renovations – has enabled its marketing, finance, and facilities teams to develop considerable experience. Goodwill's leadership team remains instrumental in the planning, execution, and design of opening new schools. Additionally, as GEI's support infrastructure increases, GEI continues to learn from Goodwill's retail operations about how to achieve results while managing operations across a wide geographic network.

These experiences have already informed how GEI has grown the Excel Center since its first year. GEI has opened two locations each year, each time mobilizing teams of HR, finance, marketing and facilities management staff in order to prepare for new school openings. More importantly, Goodwill uses one of its key principles – continuous improvement – as a guide for how each location should open. GEI leaders are constantly looking for ways to improve processes and gain efficiencies in opening stores. With each new location the Excel Center has opened, the challenge and difficulty is slightly reduced. Processes have been refined based on lessons learned in prior implementations, and support staff have increased in each location. However, perhaps the most important factor that makes expansion easier is the pipeline of talent being developed as a part of GEI's staff.

Adding new locations has posed particular challenges. In some locations, negotiating a lease for a facility has taken longer than anticipated, delaying the start dates for renovations to take place. During its first school year, a significant portion of its classroom technology was on backorder, requiring the school to open without all of the technology it required to operate its online programming. When these setbacks take place, GEI has benefited from Goodwill's support: Goodwill's facilities maintenance team can push to keep the projects on time, and its IT staff dedicated substantial time and resources to find other ways to source its products and equip the school with necessary technology. The Excel Center relies on Goodwill's staff's ability to troubleshoot these shortcomings, creating interim plans to overcome these challenges, and to push to meet deadlines on time.

Fortunately, the Excel Center's culture has developed a certain resiliency that allows its staff and students to adjust to new conditions and find creative ways to solve problems. Goodwill's Talent Acquisition Team spends considerable resources in its talent acquisition and selection of teachers and staff to determine whether prospective teachers are a good cultural fit with each school. All Excel Center staff must be willing to adjust on the fly to new conditions, and to do so with the students' needs as the primary consideration. Additionally, this element is constantly reinforced by GEI leadership as a key element of the Excel Center culture. Every eight weeks, new students enter the school, presenting a new set of challenges for life coaches to troubleshoot, new transcripts that must be reconciled, and new courses that must be taught in order to lead students' to new locations. The impact of each of these "shocks to the current order" of the school is mitigated by the school's culture: its teachers and staff are able to adjust to change quickly, to understand that an "all-hands-on-deck" attitude may be required to address a particular challenge. These two key components – hiring the right staff and emphasizing

flexibility as a core component of the Excel Center’s culture – has made the Excel Center remarkably resilient to shocks and setbacks in new school development.

Start-up standardization

Opening each new location requires significant planning and execution to ensure that the start-up plans for the school are effectively run within required timelines. As the Excel Center adds new locations that are further away from Goodwill’s headquarters in Indianapolis, proper planning will require the ability to design plans and meet deadlines to create a school. Key steps include securing a suitable facility in each location, making renovations to the facility, and managing performance to ensure that the construction plans are done in time. Additionally, Goodwill’s Talent Acquisition team will need to hire new groups of staff for the school, often reaching further out into other communities outside of Indianapolis.

Leadership selection and development will continue to be a critical component of the Excel Center’s growth plans. The Excel Center’s success in new locations will be driven by the ability to attract or promote school leaders. From the beginning of the school’s second year, GEI has attracted talent that, over time, will be effective school leaders in the future. Each new Excel Center site must have an effective local director who can manage the staff and team of the school in that location. GEI is aware that each site must have a talented leader, and it has built its hiring process around looking for these staff people. Excel Center’s Lead Teacher positions provide teachers with opportunities to develop administrative skills. Currently, there are ten Lead Teachers in the five Excel Center sites, all of which are being groomed to take control of their own sites.

Managing performance at scale

In addition to adding more staff to support the growing number of schools it operates, GEI is also investing in its infrastructure to align staff effectively. As the number of schools GEI manages grows, efficient and effective management will depend upon the systems and processes in place to review and assess program performance.

IT Systems

As the number of schools increase, the performance and operation of GEI’s schools will depend upon effective IT systems that organize and communicate key information and present GEI and school-level management with performance data of each school. GEI has invested in a learning management system and a data warehouse to assist network leaders and site-specific site directors to understand the school’s academic and financial positions quickly and to share curriculum, operational, student resources across each school.

A critical component of managing performance at scale is having access to relevant data in order to help leaders make informed decisions about how to improve processes and outcomes. GEI is investing in its ability to gain value from its data in order to equip GEI administration to monitor performance across all of its locations and to empower its leaders and staff to use data to make decisions to improve school operations, instructional quality and – ultimately – student outcomes.

Accountability and IT systems

The Excel Center can be classified as a dropout recovery school, and the Excel Center anticipates that it will be evaluated based upon (1) the number of students it graduates within cohort and (2) the percentage of its graduates that are “college and career ready” when they graduate. The data warehouse will enable leaders to understand the accountability score as an interim measure – in other words, the warehouse will display at a moment-in-time what its projected accountability grade will be. By giving leaders this information, the data warehouse will also enable leaders to understand what activities may serve as levers to increase its score. For example, if a school is graduating most of its students who attend for a given period of time, the data warehouse will identify that it is retention that serves as the critical challenge to improve a school’s performance.

Putting data into the hands of leaders and teachers

The Data Warehouse uses a user frontend that allows end users to understand their data and use it to make decisions. Goodwill’s warehouse implements Tableau Software to create a system to navigate the data generated in each system. By applying filters, creating dashboards, and other drill-down information to help ask questions, make analysis, and share results with peers and partners.

The implementation of the Data Warehouse within the Excel Centers is guided by GEI’s director of data services. This director will assist the managing director to educate leaders and staff how to use the system to ask operational questions and use data to create answers.

Learning Management System

GEI has also developed a Learning Management System to facilitate communications and information sharing between teachers, staff, and students in the Excel Center. This system creates a coordinated platform through which teachers can organize courses, gather curriculum resources, and house student gradebooks. The Learning Management System, using the Edline platform and developed by GEI and Goodwill Technology Services staff, is currently in use across all of the Excel Center locations, serving as the online portal through which important documents, curriculum resources, and processes are shared among all of the Excel Center locations.

Teachers organize each of their classes through the system. Class dates, course syllabi, assignments, assessments and grades are all organized within the system. Additionally, some classes’ core content can be delivered almost exclusively through self-paced material provided.

All course materials for Excel Center classes are available online for teachers to use, browse, and refine. Teachers download the core material and then make adjustments or revisions as they conduct their lesson planning. Additionally, Common Core-aligned final exams are included in the website to measure Student Learning Objectives for each course. All final exams are approved by the Chief Academic Officer before they are used in class. Tests and quizzes can also be taken and recorded online.

Network Management

GEI receives considerable support from its affiliated organization, Goodwill Industries of Central Indiana. GICI provides an array of support infrastructure that allows GEI staff to focus on academic instruction and operating a school. The local site level includes community-level outreach and other support.

GEI administrative staff members are responsible for setting broad strategic goals and ensuring that site-level staff has the resources and support required to perform their functions in local sites. Specialist staff members in Excel Center locations (including special education and college and career readiness) are responsible for implementing these strategic priorities while working with students in their local school. These staff report to the site director. Student support and engagement services shared across GEI’s schools include:

- Student recruitment
- Student administration / registrar
- Special education services
- College counseling, enrollment and retention
- Management of Excel Centers in multiple locations

To clarify the levels of decision-making within the Network, the chart below further differentiates “Network / Management Decision Making” between the activities of GEI, Inc., and the activities of Goodwill Industries, which provides operating support and lends support through several support functions for the school. The staff person in bold bears primary responsibility for the listed function.

Function	Network / Management Decision Making		School Decision-Making
	GEI, Inc.	GICI, Inc.	
Performance Goals	Chief Operating Officer	Chief Executive Officer	Site Director
Curriculum	Chief Academic Officer Managing Director	<i>N/A</i>	Teachers deliver curriculum
Professional Development	Managing Director	<i>N/A</i>	Site Director
Data Management and Analysis	Data Services Director Registrar	<i>N/A</i>	Staff responsible for data entry
Interim Assessments	Managing Director	<i>N/A</i>	Site Director
Promotion Criteria	Managing Director	<i>N/A</i>	Site Director
Culture	Managing Director Chief Operating Officer	Chief Executive Officer	Site Director
Budgeting, Finance, and Accounting	GEI Controller Chief Operating Officer Managing Director	Chief Financial Officer	Site Director
Student Recruitment	Director, Community Outreach	Director, GEI Marketing	Site Director
School Staff Recruitment and Hiring	Managing Director (school leaders)	Director, Talent Strategy (sourcing and screening)	Site Director

Function	Network / Management Decision Making		School Decision-Making
	GEI, Inc.	GICI, Inc.	
H/R Services (payroll, benefits, etc.)	GEI Controller (payroll)	Director, Goodwill Benefits	N/A
Development	N/A	Goodwill Foundation	N/A
Community Relations	Director, Community Outreach	Director, GEI Marketing	Site Director
IT	Director, GEI IT	Goodwill Chief Information Officer (platforms)	N/A
Facilities Management	Chief of School Operations	Goodwill CFO	Site Director
Vendor Management / Procurement	GEI Controller	Chief Executive Officer (for Goodwill services)	N/A

In some instances – most notably recruiting – all three levels are engaged in providing essential students for the school. In this case, Goodwill staff provides the initial sourcing and screening of candidates, and GEI and the local school participate in panel interviews to select the proper candidate.

Section II: School Design

Education Plan

The Education plan for the Excel Center remains the same as it was when the first Excel Center application was approved by DOE.

Parents and Community

The Excel Center creates substantial demand in each of the locations in which it opens. The number of students who enroll in the existing Excel Centers indicates that, in communities where there are large concentrations of adults without high school diplomas, there will be enough students to open an Excel Center. GEI undergoes extensive planning when selecting growth opportunities in the hope that the locations it opens are in areas that reach large numbers of potential students. Goodwill reviews Census information to determine the feasibility of opening a new Excel Center in each of its planned communities. Profiles of the number of dropouts in each of the target cities are included in Attachment 16.

Based on prior experience with the existing Excel Centers, GEI anticipates that few parents of students will be involved in the school. Students in the Excel Center will have a higher degree of independence than traditional high school students; many students will no longer live with parents or guardians, and many students may be taking care of their own children. The school has been designed with the expectation that most students live on their own and are more likely to be responsible for their own lives.

In cases where students are still below age 18, Excel Center staff and coaches make every effort to work with parents in the same focus as traditional high schools. Coaches are often the line of communication

between the school and families. Coaches communicate school expectations with parents, provide opportunities for parents to be involved with life of the school, and work with families to address any challenges or barriers that may keep younger students from continuing their education. Coaches will be the primarily liaison between school and the families of Excel Center students. Coaches will meet with students and their families to understand the family dynamics affecting student success. Where necessary, GEI's Student and Family Services will be used to help address any issues or barriers to family well-being that affect a student's ability to be successful in school. Most often, these barriers will relate to providing care for young children of students.

GEI has engaged partners in Lafayette and Kokomo to explain the focus of the school, its intended student population, and the potential impact it can create in the community. GEI has spoken with community leaders in not-for-profits and social service agencies, community colleges, and local school districts. GEI anticipates many of these organizations and other individuals will express their support for these plans at the public hearing held by the Indiana Charter School Board. GEI also anticipates participating in public hearings the other communities GEI has selected in future years, when plans to open a school are closer to their anticipated opening dates.

Community partners will be critical to the school's success. Tangible examples of community partnerships might include connecting students to post-secondary academic opportunities. Through Ivy Tech Community College's Dual Credit offerings, a student would be able to take courses leading to an HVAC certification while enrolled in the school. These courses will allow each student to earn high school credit. Additionally, a number of not-for-profit providers provide coaches with an array of resources to present to students to address barriers to continuing education.

Performance Management

The anticipated student population of the Excel Center faces significant academic and non-academic challenges. Students will likely be behind schedule in their academic progress, and The Excel Center's school-specific goals mirror the particular challenges of working with this target population. In addition to the school performance metrics to be established by the state Charter Board, these goals reflect the school's primary mission: to help students complete a high school diploma and become ready for post-secondary education. Each student's Individual Learning Plan will detail any basic skills development that should take place in order for students to perform at or above his or her grade levels. Excel Center students will also take end-of-course assessments.

Interim Assessments

On an ongoing basis, individual students will be monitored on a number of key indicators, including attendance, credit attainment (including intermediate student grades mid-session), and increases in TABE scores over time. Instructors are responsible for reporting on intermediate metrics and logging them in the student management system. Attendance metrics are gathered daily and reported weekly, and TABE scores are recorded by remediation and special education staff. These ongoing metrics will be used by the location director, who will evaluate these metrics as a means of monitoring growth.

At enrollment, each student takes the Test of Adult Basic Education (TABE). The TABE test determines a student's baseline skill level in reading and math and helps determine where the student will begin his

or her coursework. This baseline skill level determines which courses the student must take to complete his or her diploma requirements. Students will use this information to create a learning plan that combines these courses and, where possible, any skills-based instruction through a local post-secondary institution.

TABE is taken on an ongoing basis to ensure that students are making adequate progress. Students involved in remediation will take the test every 8 weeks. TABE is widely used in adult education programs, and the school will be eligible to receive supplemental adult education funding from organizations that determine performance requirements by TABE scores. Level gains on TABE will be a standard assessment of progress and engagement in the school. Because students are often balancing other concerns with their education, rapid progression through the Excel Center is critical to long-term student success, so the pace of TABE score improvements will be an important indicator of rapid student progress.

To become eligible for enrollment at Ivy Tech and other post-secondary institutions, Excel Center students must pass the English and/or Mathematics portions of the COMPASS® College Placement assessment test. The Excel Center will be an approved COMPASS testing site. Students will be able to take the test as many times as required until they pass the test, and they will elect the time when they are able to take the entrance test.

Data at the Excel Center

The collection, analysis, and sharing of data is critical to the success of the Excel Center. Teachers, staff, and leaders use the Harmony student data management system to collect student data and perform mandatory state reporting for the school. Harmony is monitored by Goodwill's IT Department, and it is managed on a day-to-day basis by the Excel Center's registrar.

Data entry is the responsibility of staff members at each school location. Teachers, coaches, and staff are responsible for collecting and entering student data for the school. During the iExcel intake process, school staff collect student demographic information and organize student data. GEI registrars translate historical student transcripts into current state requirements. As classes are underway, teachers will record attendance, grades and view transcripts through Harmony.

Management of the data is the responsibility of GEI's registrars. Multiple registrars are solely devoted to Excel Center operations and manage the data for each of the Excel Center locations. The registrars review the data entered by each location for quality. The GEI state reporting coordinator performs all reporting required by the Department of Education. The coordinator monitors the data for completeness and will request changes made by staff at the local level in cases where data is incomplete or entered incorrectly. The coordinator also submits all required state reports at the required intervals.

Analysis of student data is a process guided by GEI's director of data services. Most analysis will take place through the Excel Center Data Warehouse and Tableau user interface. The director of data services works with Goodwill's IT department to pull data from Harmony to be analyzed in the warehouse. The warehouse is an SQL Server, which then uses Tableau to present the data in dashboards, canned and user-defined reports.

The director of data services is primarily responsible for conducting analysis of student data. He will generate the critical reports to be canned for leaders to perform ongoing assessments of school performance. Additionally, the director conducts special analysis projects to answer questions related to school performance, comparing performance across locations, and doing deep analysis into why certain schools perform better than others or ways to improve performance among special student populations. Each of these analyses assists GEI leadership (including the managing director and chief operating officer) to identify areas of improvement across schools.

Professional development using data is a collaborative effort between the director of data services, GEI's chief academic officer and the managing director. GEI's leadership team trains staff to analyze, interpret, and make program design changes based on performance data. The data services director will instruct all teachers in how the data warehouse and Tableau software can be navigated to make data-informed decisions on academic progress, student groups who may require alternate instruction, and the effectiveness of the current group. These trainings will take place on professional development days established in the calendar. The Managing Director (with assistance from the Chief Academic Officer) guides local directors and staff in interpreting the data, comparing progress across multiple Excel Center sites, and training staff on how to use data to improve their own performance.

Measuring and Improving Progress in the School

The Excel Center will use a number of indicators to measure progress and to refine instruction and organizational performance. These measurements will be relevant for individual and school-wide levels; however the school will not organize information at the cohort level. A student who has dropped out of school and then returned will be out of his/her cohort; since students will arrive and finish at various times, the cohort-level measurements will have little bearing on the performance of the school. Poor results on interim assessments will help instructors re-evaluate the student's lesson plans and suggest alternative learning methods address subjects or areas of concern. The curriculum used in the Excel Center has proven effective with adult populations; students can make consistent progress to earning a high school diploma in each of the courses the school offers. Consequently, poor performance in one school will largely come from a poor implementation of the curriculum the school uses. It is a key priority of Excel Center's professional development plan to equip school staff to use and analyze data to improve instruction.

Review of School-Level Performance

GEI conducts reviews of school performance at least every eight weeks. These meetings include GEI's administrative team and the site directors from each location. The primary focus is to equip school leaders to understand and interpret their performance data, defending their results from the past eight weeks among their peers and to GEI leadership. At the end of each eight week term, site directors discuss their performance on a number of critical indicators, including:

- Student enrollment
- Student attendance and retention
- Credit attainment
 - Number of credits attempted (by subject area)
 - Number of credits earned

- Percent of credits attempted that are earned
- Number of graduates
- Number of students participating in dual credit or certification training

Site directors explain their performance for the past eight weeks in each of these indicator areas. They explain the factors that led to their current level of performance. Additionally, site directors explain the steps they will take to address lagging indicators in order to improve the school's performance. These meetings are held with leaders from all of the locations in order to (1) hold site directors accountable for their results and (2) to encourage the sharing of best practices from GEI leadership and from site directors' peers in other locations. GEI's administrative team (including its chief operating officer, chief academic officer, special education, IT, and data services) assess whether locations require additional resources, training or intensive assistance to improve their performance.

At the end of the subsequent eight week term, school directors review the prior term's performance and discuss whether the changes made have led to measurable improvement.

Staff Performance Management

GEI uses the RISE Evaluation and Development System. GEI instructors are using the framework related to data management as a part of the school's plan to improve educational practice. The evaluation of site directors will be based in part on their ability to use bring teams together to use data as a basis in making decisions in a transparent manner (RISE competency 2.3.3). GEI's Chief Academic Officer and the Managing Director establish trainings during which teachers are encouraged to use assessment data to plan their curriculum (RISE competency 1.1) and for teachers to track student data and analyze progress (1.5). Their use of data factors into their annual evaluation and their development plans to improve their instruction.

Data is be used to monitor progress at the individual student, classroom and school levels. In the event that progress falls short of the Excel Center's goals, an array of strategies will take place to improve student outcomes.

- At the individual level, assessment data will reveal that student progress is not up to proper standards. In these cases, staff will meet to discuss alternate ways of providing supports for students, including increasing the amount of one-on-one attention a student receives; altering the balance of online credit recovery and classroom instruction; working with the coach to identify any potential life barriers that may be impeding academic progress; or altering the pace at which the student is learning.
- At the classroom level, poor performance indicates that instructional staff has not been successful at monitoring and encouraging student growth. If data indicates that students are not demonstrating mastery, then the instructor is in need of additional supports to improve skills and work. Corrective actions are a part of the diagnosis as provided by RISE. In the rare instance of extremely poor performance, it may be necessary to replace a staff member.
- At the school level, consistently poor performance may be the result of a number of factors, including organizational culture, poor process orientation, and leadership deficiencies. Because the Excel Center will also be operating other sites, the Managing Director has the ability to assess whether any Excel Center is operating in fidelity to the Excel Center model, and what particular

tools may be needed to improve school performance. Working with the Chief Academic Officer, the Managing Director may be able to schedule intensive trainings, peer mentoring among site directors, and hands-on management for the school if performance is not successful. In cases where a school consistently falls short of expectations, it may be necessary to find other leadership to operate the school.

Section III: Implementation Plan

Human Capital

The staffing chart for the Excel Center is included below.

	Year 1	Year 2	Year 3	Year 4	Year 5
Number of elementary schools	0	0	0	0	0
Number of middle schools	0	0	0	0	0
Number of high schools*	7	8	9	10	11
Total schools	7	8	9	10	11
Student enrollment	2000	2400	2700	3000	3300
Management Organization Positions and Related Staff					
Chief Operating Officer	1	1	1	1	1
Chief Academic Officer	1	1	1	1	1
Managing Director	1	1	1	1	1
Controller	3	4	4	4	4
Regional Director	2	2	2	2	2
SPED Director	1	1	1	1	1
Community Outreach Director	1	2	2	2	2
Data Services Director	1	2	2	2	2
Director, Alumni and Retention	1	2	2	2	2
Director, School Marketing (Goodwill)	1	2	2	2	2
Director, IT	1	2	2	2	2
Special Projects Coordinator	1	1	1	1	1
Total Back Office FTEs	15	21	21	21	21
Elementary School Staff -N/A					
Middle School Staff -N/A					
High School Staff					
School Director	7	8	9	10	11
Lead Teachers	14	16	18	20	22
Classroom Teachers (Core Subjects)	42	48	54	60	66
Classroom Teachers (Specials)	7	8	9	10	11
Coaches	35	40	45	50	55
College and Career Readiness Specialist	7	8	9	10	11
Childcare Director	7	8	9	10	11
Childcare Attendants	10.5	12	13.5	15	16.5

Resource Specialists	21	24	27	30	33
Receptionists	7	8	9	10	11
Total FTEs at High Schools	150.5	172	193.5	215	236.5
Total Network FTEs	165.5	193	215.5	236	257.5

Leadership Selection Process

Each school location will have a site director who will manage operations and educational outcomes for the school. The director of an Excel Center location will ensure that instructors and school curriculum are applied according to the principles of the Excel Center and that the school is meeting the desired educational and student outcomes. Essential functions include: supervision and management of faculty and staff, creating and maintaining a safe and secure educational environment for 300 students and managing the fiscal activities of the school.

Selecting high-quality leaders is the most important element of a successful Excel Center replication. GEI has recognized that the Excel Center model possesses tremendous growth potential, and the school has identified that a number of individuals in its staff may develop into capable school directors. Across its five locations, GEI currently has ten Lead Teachers who are undergoing leadership training in the hopes that many Lead Teachers can become school directors. With each new location, more individuals will join the ranks of Lead Teachers in preparation for a future role as a location director. Lead Teachers are involved in the administration and management of the school and are responsible for their own staff.

Nevertheless, if the leadership pipeline is not sufficient to meet GEI's growth needs, Goodwill's Talent Acquisition team may be used to recruit new school directors. This position requires a Bachelor's degree in relevant field required, Master's degree preferred.

Other qualifications include:

- Current Indiana Secondary Administrator's License preferred but not required.
- 5+ years in a school-related leadership role.
- Prior experience managing groups of professionals.
- Strong communicator at a variety of levels. Demonstrates effective presentation and communication skills.
- Solid planning and organizing skills.

Sourcing and initial screening of this candidate will be managed by Goodwill's Talent Acquisition team. After screening resumes and having the candidate answer key questions, the Talent Acquisition Team will schedule panel interviews to assess the prospective candidate. These interviews will include GEI's chief operating officer, chief academic officer, managing director of the Excel Center, and current Excel Center teachers.

Hiring across the network

Hiring the right individuals is a critical success factor for the new Excel Center. Staff recruitment will be managed by Goodwill's Employee and Organizational Development (EOD) division. EOD staff

members currently recruit all teachers and staff members for the Indianapolis Metropolitan High School and the Excel Centers. Additionally, the Talent Acquisition team also hires leadership in Goodwill retail stores across central Indiana, reaching into communities across Goodwill's territory. EOD's Talent Acquisition Team uses Targeted Selection®, a competency-based behavioral interviewing system used across the Goodwill organization. EOD's talent acquisition strategies approach assesses applicants' behaviors, motivations, and technical knowledge necessary to accomplish the tasks of the target position.

Goodwill EOD staff is responsible for sourcing and screening candidates for available positions. Goodwill staff also verifies the licensing of all of the teaching staff presented as candidates. New staff members are selected after an array of interviews with Goodwill staff, GEI administration, and peer interviews. Candidates attend several panel interviews, and the team of staff assess whether that candidate has the required grasp on instruction, fits the organizational culture, and has the emotional intelligence to build relationships with the Excel Center's student population. For management-level positions, GEI administration team members are responsible for making the final decision on hiring. For school-level positions, this decision is the responsibility for the site director.

GEI recruitment uses a number of resources to source candidates, including:

- CareerBuilder/Star Diversity Fair sponsor
- Teacher Candidate Recruitment Day
- University of Southern Indiana Job Fair
- Xavier University Recruitment Fair
- National Association of School Principals
- National Association of Black School Educators
- Indiana School Personnel Job Bank (Department of Education)
- LinkedIn
- CareerBuilder database

Job announcements are also posted at the following universities: Anderson University, Ball State University, Butler University, Indiana University (Bloomington), Indiana University – Purdue University Indianapolis (IUPUI), Martin University, Marian College, NISH, Purdue University and University of Indianapolis.

Ensuring Access to Excellent Teaching

The Excel Center uses a number of strategies in order to ensure that every student enrolled in the Excel Center has access to excellent teaching. The basic design of the school maximizes the reach of highly effective teachers, and GEI is investing in the advantage of technology to broaden the reach of its excellent teachers.

- The structure of the Excel Center's term ensures that high-quality teachers are able to reach as many students as possible. By rotating class schedules every eight weeks, students will be assigned to more teachers throughout the school year. As a result, students will interact with large numbers of teachers within the school.
- Some classes within the Excel Center have very low student-teacher ratios. However, the Excel Center is comfortable assigning more students to a highly effective teacher, allowing more

students to benefit from quality instruction. GEI is comfortable having more students with a highly skilled teacher, because that exposes more students to high-quality instruction.

- The Excel Center has moved some of its instructional design to its online Learning Management System. Certain courses (most often ones that may enroll few students across all of its locations) will be offered online through a digital content management system. In these courses, a licensed instructor at one location will guide students from across the Excel Center network through content that has been formatted to display in the Learning Management System. Students progress through modules and take assessments through the school's online content. Students can make progress through their coursework whenever they have access to the Excel Center's LMS, and each location will have an instructor or resource specialist available to answer any questions a student may have. Currently, the Excel Center offers the American Studies B course through this online platform, allowing students in all locations to enroll in this class. Other classes will be presented online in the future as the curriculum is translated to the Learning Management System's content structure.

Performance Development

Teachers and leaders in GEI schools will participate in rigorous annual evaluations that present teachers with valuable feedback tied to personalized and meaningful professional development. GEI uses the RISE Evaluation and Development System to monitor school leader and teacher performance and to provide development opportunities for teachers to improve instruction. This assessment tool evaluates teacher performance in four domains: planning, instruction, leadership, and core professionalism.

Evaluations are conducted by the site director. The Chief Academic Officer of GEI assists in training directors, educating staff on the system, and monitoring performance development. The RISE evaluation tool used in evaluating staff is included in Attachment 17. Site directors, in turn, are evaluated by the managing director using the RISE evaluation tool for principals.

In the event that leadership or teacher performance is unsatisfactory, a number of targeted interventions would take place to improve performance. In the case of leadership/teacher changes and turnover, assistance will come from the managing director and other GEI administrative staff to maintain school functioning until new staff can be hired. Changes in site-level leadership will require the managing director to intervene in the local site, and begin work immediately on finding a new director. Changes in staff and instructors would lead to the school covering that position until a suitable candidate is selected as a replacement.

In addition to being a critical best practice for effective instruction, the Excel Center's academic philosophy is designed to provide ample supports for professional development to help teachers improve instruction and improve their delivery with the Excel Center's population. Professional Development is coordinated across all GEI schools and is designed to reinforce teacher awareness of common core standards, and to promote awareness of best practices in education. The chief academic officer is responsible for monitoring RISE evaluations, TABE and academic data and, in collaboration with the managing director, establishes a schedule in which common development may take place.

At the site level, the site director is responsible for developing the culture and establishing strong connections with local community career pathways. He/she is responsible for reporting what additional professional development needs to be delivered at a local site.

Compensation at the Excel Center

Position	<u>Base Salary</u>
Site Director	\$99,000
Lead Teacher	\$60,000
Science Instructor	\$42,000
Social Studies Instructor	\$42,000
English Instructor	\$42,000
Math Instructor	\$42,000
Resource Specialist	\$35,000
Special Education Specialist	\$43,000
Coaches	\$35,000
College Transition Counselor	\$43,000
Career Pathways Specialist	\$43,000
Receptionist	\$25,000
Childcare Director	\$30,000
Childcare Attendant	\$20,800

Employees of the Excel Center will be employed by GEI, Inc. They will be at-will employees and will not use contracts. Salaries for the Excel Center positions are listed above.

The following are the basic benefit programs in which full-time employees may participate:

- Comprehensive Health Plan
- Wellness Program
- Employee & Dependent Life Insurance
- Comprehensive Dental/Vision Plan
- Section 125 Plan
 - Pre-tax Health & Dental/Vision Plan premiums are automatic when you enroll
 - Pre-tax savings for health and dependent care expenses not covered by the group plans
- Retirement:
 - 403(b) Retirement Savings Plan
 - FICA
- Employee Assistance Program (EAP)
- Long Term Disability Plan
- Tuition Reimbursement

Professional Development

Training new school leaders is an important strategic goal of the Excel Center's growth plans. The Excel Center includes a number of high-performing staff people who may be able to develop into good school leaders, and GEI is investing resources into these individuals and presenting them organizational challenges to assist them in thinking strategically about how to manage an Excel Center.

The managing director of the Excel Centers is primarily responsible for this stable of leaders. She identifies the needs of these groups and designs training programs and assigns projects in order to develop leadership and administrative skills with this group. There are considerable benefits to hiring new site directors from within: they are intimately aware of the school's culture and the kind of staff that are effective in the Excel Center Model; they are aware of the school's operating model and know how the schedule works within an eight-week term length; they already have working relationships with their peers and will be comfortable collaborating with leaders from other locations across Indiana. Currently, each of the ten leaders has strong potential to fulfill that role in the future, provided they continue to develop their skills and take opportunities to learn the critical elements of school management. The Excel Center has convened a working group of promising leaders to work on special projects related to Excel Center governance. This group of individuals tackles problems related to student governance, retention, academic improvement, and others. Additionally, members of this group are often invited to attend board meetings and school strategic planning sessions. The group currently has ten members.

Performance coaching for current site directors includes substantial training and reviews of performance after each eight-week term. GEI conducts a data review that includes all school leaders and GEI's administrative team. During these meetings, the site director discusses the school's performance data for the recently-completed term. By examining this information, a director learns to monitor the essential indicators of school success. Additionally, GEI leadership requires directors to make their own recommendations of how to improve performance, and they then require leaders to evaluate the impact of their chosen strategies in the following eight-week term. GEI leadership makes recommendations, evaluates the merit of these strategies, recommends revisions to these plans, and ensures that each site director has the necessary tools to implement their chosen strategies effectively.

Calendar of Professional Development

At the beginning of the new school year, new staff will undergo a two-week orientation where teachers learn about the population they will be serving, more information about Goodwill and the Excel Center, and to receive an overview of the Excel Center's curriculum, instructional resources, and industry sectors. This development covers many administrative needs, presents teachers with the principles of blended courses and instruction.

- **Day 1:** Learning about the Adult Student Population & Poverty Simulation
- **Days 2 and 3:** Staff Retreat and Team-building
- **Day 4:** Orientation of GEI staff and GEI schools
- **Day 5:** Tour of Goodwill Industries and Key Areas; Training on online credit recovery
- **Day 6:** Operational introductions (IT, online testing, staff/student handbooks, transcripts)
- **Day 7:** Coaching Practices and Discipline
- **Day 8:** Curriculum Overview and Blended Courses
- **Day 9:** Contextualized Learning and Career Pathways

- **Day 10:** Tours of industry partners and Staff Pairing Work.

Twelve days are scheduled throughout the year for dedicated, planned professional development. These days allow staff to hone and build their skills and are designed to support and maintain performance in the school in three key areas: (1) curriculum design and planning, (2) promoting student attendance and retention; and (3) career planning and workforce preparation.

Teachers do not hold fixed-time classes on Fridays, and that day is reserved for teacher preparation and staff collaboration. There are 42 scheduled planning days in The Excel Center's 2012-2013 school calendar. Staff members use this time to hold meetings, to plan lessons and establish collaborative projects with other teachers, for Special Education conferences to be held, and for students to meet one-on-one with their instructors.

RISE will be used as the primary template for teacher evaluation and the effectiveness of the Excel Center's professional development platform. As a result of RISE's template, each teacher receives a final score that is calculated from a teacher's ratings on the first three domains (planning, instruction, and leadership). The effectiveness of this program will be evaluated by the rate of growth in these RISE final scores and in what domains are the gains being made most quickly.

Start-Up & Operations

A start-up plan for the school is included in Attachment 17.

The Budget and Financial Planning Worksheet for the school is included in Attachment 19.

Transportation

The Excel Center's extended hours of operation make it difficult to coordinate large-scale transportation programs for each student. Unlike more traditional schools, each student's physical attendance at the Excel Center will be based upon his or her work and family schedules, with students arriving and leaving the Center at various times.

The school will use several options for student transportation.

- 1) The school – and its additional satellite locations – will be located in areas with significant need, so that The Excel Center is within walking distance of many students' homes or work locations. Additional locations for The Excel Center will be chosen, in part, based on geographic availability and demographic need.
- 2) In locations where public transportation exists, the Excel Center will purchase month-long bus passes for students who cannot afford bus passes and remain in good academic standing at the school.
- 3) Many students will have their own cars and will be able to transport themselves to and from school.

The Excel Center does not anticipate scheduling many extracurricular events like field trips or athletic events. However, in the rare event that the Excel Center needs additional transportation assistance, the

buses used by the Indianapolis Metropolitan High School or other contract transportation may be used to transport students to special events.

The Excel Center will provide an array of supports to homeless students and will not withdraw any critical school services to students who are homeless. These students may enroll without school records and will be given transportation support (via bus passes) like other students.

Safety and Security

Goodwill has developed its Safety, Loss Prevention and Security department to manage security and safety in its facilities. Each Goodwill and GEI location is regularly audited for compliance with applicable safety, including, inventory management, labor reporting/payroll, and back-office processing policies and procedures. Security audit scores lower than 90% result in immediate follow-up and remediation until the known exposures are corrected. GEI also has a high resolution digital security camera system in operation in all of its locations. The camera system is both a deterrent to theft / misappropriation / misbehavior, and a tremendous tool for training, investigation, and prosecution of those who would steal from or otherwise harm GEI and/or those it serves.

Goodwill's chief financial officer and safety director work actively with the insurance agents and carriers for risk assessments, audits, training, policy reviews, additions and deletions to listed coverage, and for business development practices. Only the chief financial officer or the chief executive officer can make changes to insurance coverage, identify a third party as an additional insured, or provide proof of insurance to a third party.

Goodwill and GEI have developed a comprehensive disaster recovery and business continuity plan, including a fully redundant data hot site at Goodwill's Airport Place retail outlet facility. Goodwill and GEI conduct regular drills and audits to assess our preparedness in the unlikely event of a total or partial loss of the Michigan Street headquarters facility.

Technology Specifications and Requirements

The Excel Center will equip its classroom space and resource area for students to use for self-directed online learning, TABE, and computer instruction. Laptop computers will be available for students to use in certain areas of the building. The school will also have smart boards in selected classrooms, media projectors to lead courses, and laptop computers for staff. Computers will be equipped with standard office software – including word processing, spreadsheets and presentation software (in Microsoft Office).

Core educational content will be delivered via web-based connections; this structure stores student work on Goodwill services or through vendors who use cloud-based storage of student work. This arrangement ensures that students do not need to purchase their own storage media, nor will they need to pay for any aspect of the Excel Center's technology plan. In addition, students – most of whom do not have Internet access at home – will not be required to use this technology at home, nor will they be required to purchase or obtain any equipment to use the school's online system.

Each computer and/or piece of technology will be assigned to a particular classroom to be used in that location. Students will be able to log in to any computer in the Excel Center to retrieve and access his/her information. All media equipment will be tagged and monitored by Goodwill Industries' IT functions.

Goodwill Industries' IT staff is responsible for maintaining the upkeep and operations of all technology. Goodwill support staff provides support and access across all of Goodwill's locations in its 29-county area. Goodwill provides telephone-based support and monitors upkeep of its technology platform 24 hours a day, 7 days a week. Staff and students are able to contact tech support at any time by calling x4444 on the Excel Center's telephone network.

In the event that the school's data connection is impaired or lost, Goodwill IT staff begin working to repair the connection immediately. Any equipment that fails or needs to be replaced will be done so by Goodwill. If the data connection is not working, Excel Center instructors will provide more in-paper instruction and students will be able to continue their online credit recovery program at other times. TABE and other student tests will be delivered in paper formats. Access to the Goodwill network is secured. Data is retained by Goodwill staff and secured. Goodwill also maintains a disaster recovery hot site that activates a back-up server in the event of a major failure of its technology system. All vendors of online content used by Goodwill (currently APEX, Lexia, iLearn and Reading Plus) have similar data backup policies and procedures.

Insurance Coverage

Goodwill Education Initiatives already has a policy for liability insurance through Gregory and Appel, Inc. Gregory and Appel has an A-BEST insurance rating and is able to accommodate coverage for the Excel Center for the amounts required by the Mayor. This current policy applies for all Excel Centers in Indiana and this policy would apply to a site in Anderson. Proof of this insurance coverage is included as Attachment 20.

Facility Plan

GEI has not identified facilities for implementation in Kokomo and Lafayette. Nevertheless, Goodwill is capable at identifying facilities that are appropriate for an Excel Center location.

The process for identifying a facility includes the following steps:

Staff first identify geographic areas of acute need. Facility options must be in areas with high concentrations of dropouts, or in locations that are centrally located for large numbers of dropouts to access the school. Next, GEI staff conducts transportation feasibility assessments of potential sites, where the team determines whether bus routes or other means of transportation will allow students with limited resources to attend school regularly. In addition, each facility must be affordable for the school, including any renovation projects that must be completed prior to opening.

In setting a facilities budget, Goodwill anticipates spending an average of \$10 per square foot for appropriate space. Goodwill Facilities Management staff are able to ensure that the chosen facility complies with state and local health and safety requirements, in addition to any other requirements determined by the State Fire Marshall and local agencies. Goodwill has managed renovations at each of the Excel Center locations it has opened. Additionally, Goodwill's facilities management team is able to

manage local laws, regulations, and other ordinances at each of the locations in which it has a staff presence. Currently, Goodwill manages over 60 locations in central Indiana.

Plan for identifying a large number of facilities:

GEI will invest considerable time and effort in the location process. By requesting several charters in this application, GEI staff will be able to devote significant planning time to identifying suitable facilities in each of its target communities. GEI's Chief Operating Officer will be responsible for locating potential facilities, investigating whether an Excel Center could be used in an unused school building, available space in local community centers and not-for-profits, or whether commercial space could be used to meet the Excel Center's facility needs. In selecting a facility, the COO will work closely with Goodwill's Chief Financial Officer and Goodwill's Facilities Maintenance staff to determine any renovations and the role of Goodwill's maintenance in verifying the suitability of a potential facility.

Budget & Finance

Goodwill Education Initiatives follows Generally Accepted Accounting Practices and State Board of Account requirements in all of its bookkeeping for its schools. Day-to-day financial management is provided by the controller of GEI, who also acts as the assistant treasurer for the board. This person will be assisted and supported by the chief financial officer of Goodwill, who is also the board treasurer of GEI, and the controller of Goodwill. Payroll is managed by GEI staff for all of its employees. Also included in the financial operations is Bookkeeping Plus, who produces all of the required state financial reports. GEI's chief operating officer also helps oversee the financial matters of the school. The State Board of Accounts has conducted bi-annual audits as part of normal state oversight, and GEI financial operations are included with Goodwill's annual audit process. GEI does not contract for any additional business services other than what is provided by Goodwill Industries of Central Indiana, Inc.

The 5-Year Pro Forma Budget is included in Attachment 19. Each Excel Center location follows the same budget as the one submitted, therefore only one budget is submitted. Additionally, the administrative costs for each Excel Center location are accrued as expenses for each school. As a result, administrative staff positions are included as a share of each school's expenses. Therefore, the Network-Level budget is included as expenses within each school. A budget narrative is included as Attachment 20.

Section IV: Portfolio Review & Performance Record

GEI has two schools in its portfolio, The Indianapolis Metropolitan High School and the Excel Center. Both schools' performance records through the 2011 academic year are discussed below. More information on each school is included in Attachment 21.

The Indianapolis Metropolitan High School is one of two schools that GEI oversaw during the 2011-12 school year. Similar to the Excel Center, the Indy Met serves a financially and academically challenged student population. Despite this, the Indy Met has experienced tremendous improvement and success. The Indy Met has shown tremendous academic growth and success in three main areas: End-of-Course Assessments (ECAs), Graduation Rate, and College & Career Readiness.

End-of-Course Assessments:

The Indy Met has excelled at taking historically low performing students on state assessment and getting these students to improve dramatically by 10th grade and by the time they exit the school as graduates. This is highlighted by the fact that more than twice as many students passed the English and Math assessments (ECAs) by the time they exited the Indy Met than when they entered.

Improvement From When a Student Enters to When they Exit			
Subject Area	8 th Grade Proficiency	10 th Grade Proficiency	Proficiency at Graduation
English	30.8%	36.0%	67.7%
Math	36.7%	71.2%	83.9%

This improvement can be attributed to the Indianapolis Met’s organizational culture, which emphasizes strong relationships between staff and students. The school spends considerable effort trying to ensure relevance of its educational program, and, given enough time, the school is able to bring students who are behind in their academic progress to the point where they can continue on to postsecondary education. (Enter Information about Causes for Improvement)

Many students who enroll in the Met come from challenging family situations and are academically behind. While the school has a marginal four-year graduation rate, its five-year graduation rate is better than other schools of similar complexity. The Indianapolis Met has a challenging student population to work with: high rates of free/reduced lunch and special education – coupled with students who are on average two grade levels behind when they enroll – makes it difficult to achieve short-term success with this population. The Met focuses on long-term growth, and enables students to work to achieve their goals even if it takes five or six years to do so.

As the first school that GEI operates, the Indianapolis Metropolitan High School has been instrumental in shaping the operations, philosophy, and vision of all of GEI’s schools. The school works with a non-traditional student population with significant educational obstacles: most students enter the Met at least two grade levels behind. The school has high levels of free and reduced lunch, and many students come from broken homes, struggle with homelessness, and have few resources. The Indianapolis Met follows the pattern of Relationships, Relevance and Rigor that remain instrumental to the Excel Center’s approach. In addition, the Indianapolis Met has helped GEI learn the basic operations of operating and managing a charter school.

Graduation Rate:

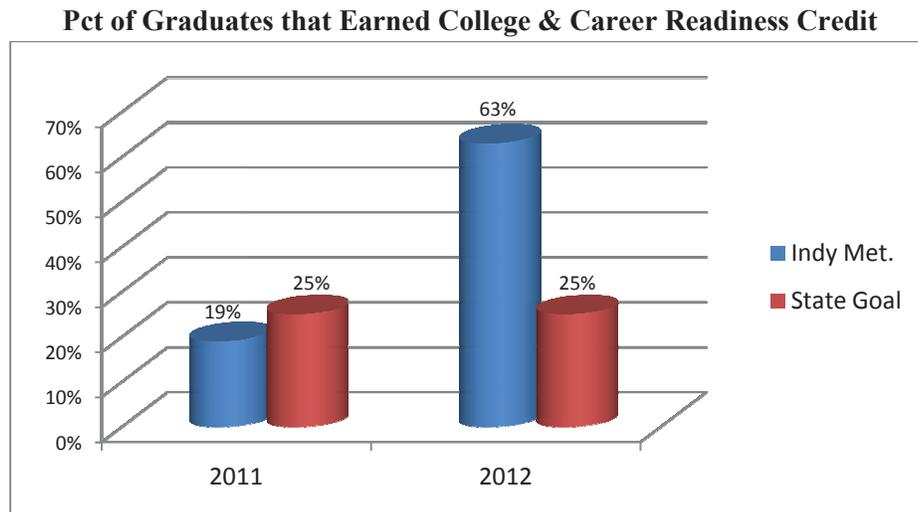
Even though the Indy Met regularly receives transfers throughout the year, across all grades, the school is set to make remarkable improvement on their four-year graduation rate. In fact, the Indy Met’s four-year graduation rate is expected to increase by more than 20 percentage points this year, which would place the Indy Met in the top 1% of all schools in one year graduation rate improvement.

Four-Year Graduation Rate Improvement	
2011 Graduation Rate	45.5%
2012 Graduation Rate	65.6%
Improvement	20.1%

The Indy Met has also had great success with their five-year graduation rate. In each of the past three years the school has ranked in the top 5% of all schools in four-year to five-year graduation rate improvement.

College & Career Readiness:

College & Career Readiness (CCR) is defined as the percentage of graduates that pass an AP exam, IB exam, Dual Credit course, or earn an Industry Certification. Over the past two years the Indy Met has greatly improved their CCR rate; more than tripling their rate from 2011 to 2012. The school is now far out-pacing the state’s goal with 63% of graduates earning a college or career credit, more than twice the state’s goal.



The Excel Center is the other school that GEI operates. The Excel Center is designed to provide previous high school dropouts or adults an opportunity to earn a high school diploma free of charge in an accelerated time frame. Because of its unique focus and student population, the Excel Center has undergone remarkable changes as it has matured and grown. During its first school year, the Excel Center had encountered setbacks in two key school indicators: retention and graduates. Results from the 2011-2012 school year have largely ameliorated those concerns, although there remains considerable opportunity to improve the Excel Center’s results.

Retention and Graduates:

The Excel Center caters towards students that have previously dropped out of high school that now have busy lives and many responsibilities outside of the classroom. As a result, the Excel Center originally encountered an issue with students dropping out very early after they enrolled in the school, most often within one or two days after enrolling. Students would come to the realization that the time and commitment that was being required from them was more than what they could accommodate into their lives, and many students dropped out as a result. This issue led to a lower than anticipated retention rate which then impacted the school’s graduation rate.

% of Students that Dropped Out

2011	71%
2012	42%

Once the issue was identified, the school re-evaluated its intake process through the iExcel new student orientation. As a result of iExcel’s implementation, the Excel Center was able to cut the number of dropouts by 30% from 2011 to 2012; this despite the changes not taking effect into half way into the 2012 school year. Within the cohort of iExcel participants, only 2 percent of its students dropped out in the first 30 days of attending the school. The iExcel process provided students with a clearer sense of the expectations involved in attending the school. As a result, the school was also able to fill more desks with students dedicated to earning their high school diploma.

The same year, the Excel Center made significant changes to the design of the school’s academic program, course design, school schedule, and curriculum. The school placed a priority on face-to-face instruction, shortened semesters to eight-week terms, and reduced the quantity of computer-based, self-directed learning in the school. Additionally, the Excel Center redesigned its curricular framework, designing a Common Core-aligned curriculum that blended coursework across disciplines to allow students to earn credits in multiple subjects while attending one class. Each of these changes made dramatic increases in the pace at which students made academic progress.

Number of Credits earned in Academic Year	
2011	400
2012	3,000

Each of those changes have made substantial gains in one of the Excel Center’s most critical metrics: the number of individuals who graduate from the school.

# Graduates in Academic Year	
2011	4
2012	127

The school has also encountered issues with grade level placement, causing 45% of graduates to be placed into a cohort (through original grade placement) that differs from the year in which the students actually graduated. For example, many of these students were placed into cohorts before 2012, making it impossible for that student’s educational progress to ever result in a positive gain in the school’s graduation rate. This cumulated into a graduation rate of only 9% in 2011 – though the 2012 graduation rate is expected to be closer to 30% despite the school’s original dropout issue.

Despite any difficulties the Excel Center may have originally encountered with graduation rates, that has not prevented the school from properly preparing its graduates for the college or career that awaits them. In each of the Excel Center’s two years of operation the school has had over 50% of their graduates – more than double the state goal – complete a college or career readiness course that will assist them with whatever post high school course the student takes.

% of Graduates that are College or Career Ready	
2011	57%
2012	59%

Each of the considerable design improvements made in the last academic year has demonstrated that the Excel Center can deliver strong results and measurable benefits to local communities. Nevertheless, there remains substantial opportunity to improve these results and to further improve the delivery of the core Excel Center model. Excel Center staff are looking at more creative ways to promote student retention, analyzing what specific life barriers are most threatening to students' continued attendance and academic progress.

Financial statements for GEI's schools are included in Attachment 22. Statements for Goodwill Industries and its affiliated entities are included in Attachment 23.

GEI has not terminated any contracts with charter schools, and none of its charters have ever been revoked, non-renewed, shortened or been conditionally approved. The Indianapolis Met received a full seven-year charter renewal from the Mayor of Indianapolis in 2010. Additionally, GEI's schools have not had any performance deficiencies or violations that led to authorizer intervention, and GEI has no prior history of litigation (as mentioned in Attachment 24).

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May 1990 Bachelor of English and Education, University of North Dakota

Projected to complete Masters in Administration from Ball State in the winter of 2011-2012

Awards, Fellowships, Grants

May 2010, Certification in Leadership from ProLiteracy

Positions Held

Managing Director, The Excel Center

June 2011-Present

- Leads the development of the Excel Model and communicates the vision to staff.
- Provides leadership and supports training of directors and lead teachers in evaluating performance data.
- Provides leadership in the development of new partnerships and/or methodologies in response to the changing needs concerning students, test results, and/or Indiana Academic and Common Core State Standards
- Implements Excel Model in new locations, including coordinating staff hiring, training and development, facilities and infrastructure, scheduling and reporting.
- Provides training to and assists Excel Center directors and lead teachers in observing teachers, providing effective feedback, and completing evaluations.
- Facilitates and supports directors in the day-to-day function of schools.
- Assists Director of College and Career in facilitating dual credit and certification, post-secondary, workplace/employer partnerships.
- Assists the Director of Special Education in designing the most appropriate academic program for special needs students
- Assists Chief Academic Officer in the review, evaluation, and recommendation of instructional materials, methods, and programs
- Represents GEI, as appropriate, in community planning and policy making activities

Community and Continuing Education Assistant Supervisor at MSD Washington Township, Indianapolis, IN

2005-Present

- Wrote and maintain federal and state grants
- Oversaw 50+ staff members including office staff, teachers, custodians and learning aides
- Monitored Federal reporting
- Managed the development of new programs and curriculum
- Developed and maintained the state, federal budgets as well as other special project budgets we develop
- Coordinated Professional Development

- Scheduled all GED/ABE/ENL classes at 11 different sites
- Support staff in educating over 1700 students

Teacher of English, Sudbury High School, Sudbury, England

2001 –2005

- Taught English literature and Language to students in year 9-13
- Developed curriculum for GCSE tests
- Taught 6th Form, English Literature

Deputy Head teacher of Year 11 and English Teacher, Cramlington High School, Cramlington, England

1998-2001

- Monitored the academic and social progress of Year 11 students
- Corresponded with parents and guardians regarding student progress
- Dealt with discipline and maintenance of building for Year 11
- Developed curriculum for Investigations Weeks
- Taught English Literature and Language to Year 9-13
- Taught English Literature to 6th Form

English Teacher/Reading Coordinator at Jordan High School and Millikan High School, Long Beach, CA

1996-1998

- Taught English ,Honors English , and English Literature to ENL students in grades 9-12
- Taught in “Cities in Schools” program for students who had just been released from Juvenile Detention
- Coordinated team teaching and “Reading Across the Curriculum” programs

English Teacher/Basketball Coach at Victor Valley High School, Victorville, CA

1993-1996,

- Taught English to grades 9-12
- Coached Varsity Basketball
- Planned and implemented curriculum for team teaching with other departments

Vita
Of
Gregory D McClure
2540 South Davis Road
Indianapolis, Indiana 46239
317.862.5307
317.490.5710

Employment Objective: Administrative Placement

Education: Elementary: St. Peters Lutheran – Grades 1-3
Trinity Lutheran – Grades 4-8
Indianapolis, Indiana

9/63 – 6/67 Thomas Carr Howe High School
Indianapolis, Indiana

8/18/72 Ball State University – Muncie, Indiana
B.S Teacher Curriculum: Special Education – Mental Retardation K-12
(area major)

Provisional Teaching License

8/12/76 Ball State University – M.A.
Major: Special Education Administration
Professional (Life) Teaching License

Provisional Director of Special Education License

1980 – 88 Ball State University (45 Hours beyond Masters)
Majors: Education (Secondary Administration)
Professional (Life) Director of Special Education License

Provisional Secondary Administration License

1990 – 2004 Ball State University
Professional (Life) Secondary Administration License

2005- Present Ball State University

Mild Interventions License (All Schools) Expiration: 6/16/2021

**Employment
Experience:**

1960 – 1965 Indianapolis Star / News
Delivery / Collections (Variety)

1963 – 1967 Little Brown Jug Restaurant
Cook / Management

1967 – 1968 Eli Lilly
Production Line / Materials Handler

TIEREE C. SMITH

11243 Pine Mountain Place · Cumberland, IN 46229

Office: 317-524-4004 · Mobile: 317-490-9731 · tierree.smith@goodwilleducation.org

EDUCATION

Certificate, Project Management, anticipated, January 2012

Indiana University Purdue University Indianapolis; Indianapolis, IN

Masters of Science, Student Affairs and Higher Education, May 2006

Indiana State University, Terre Haute, IN

Bachelor of Arts, Speech Communication, May 2001

University of Minnesota Morris; Morris, MN

PROFESSIONAL EXPERIENCE

Goodwill Education Initiatives, Indianapolis, IN, July 2008 to present

Director of College and Career Readiness, July 2010 to present

- Responsible for the leadership, direction, supervision, and evaluation of academic advising, career advising, college advising, and character development courses instruction
- Supervise, train, and evaluate all college and career personnel at Indianapolis Metropolitan High School and The Excel Centers
- Assists the Director of Special Education with transition plans for students with an IEP
- Leads the development of certification programs and dual enrollment opportunities
- Coordinate alumni initiatives and provide continual support to graduates
- Analyze and compile postsecondary retention data
- Administer college related assessments
- Conduct, gather and coordinate the development of research and performance measures for credential completion, educational attainment and efforts that bridge educational systems for career path employment.
- Strengthen the links between a career pathways system to align job training and education programs to jobs that are in demand or likely to grow in the immediate future in Indianapolis
- Attend and participate in meetings of key stakeholders in education and training, workforce and economic development to develop and strengthen information and resources related to the creation of career pathways
- Plan, develop, and administer policies and procedures, operational activities, and student services programs which will enhance student's character development and successful transition into their solid postsecondary plan
- Leads transcript evaluation and graduation audits

Director of College Transition Services, July 2008 to July 2010

- Hired as the first director of college transition services of Indianapolis Metropolitan High School
- Assisted the class of 2009 with securing \$1.5 million in national and local scholarships
- Established Indianapolis Metropolitan High School as an ACT Test Center and COMPASS testing center to decrease transportation barriers
- Maintained 95% college acceptance rate
- Administer Goodwill Foundation scholarships to graduating seniors

Director of Multicultural Programs and Services, July 2006 to July 2008

Nebraska Wesleyan University (NWU), Office of Multicultural Programs and Services, Lincoln, NE

- Appointed as Nebraska Wesleyan's first director of multicultural programs and services
- Established the Mosaic Scholarship for U.S. ethnic minorities within four months of hire
- Implemented retention strategies for students of color and other marginalized groups
- Advised students of color on academic, financial, career, and personal issues
- Developed and updated the framework for NWU's first student of color prospective student webpage
- Mediated and facilitated conflict resolution plans for faculty, staff, and students
- Annually compiled data on the graduation rate of students of color
- Developed, assessed, and facilitated the curriculum for the annual 5-day Chicago Urban Cultural Immersion Trip
- Supervised eight office assistants and two undergraduate interns
- Trained paraprofessionals and coordinated the efforts of faculty Resource Persons for People of Color, Personal Harassment Resources Persons, Sexual Assault Resource Persons, Sexual Harassment Resource Persons, and Sexual Orientation Resource Persons

Assistant Director of Student Activities and Residential Life Graduate Assistant, July 2004 to July 2006

Rose-Hulman Institute of Technology (RHIT), Office of Student Activities, Terre Haute, IN

- Taught a first-year college and life skills course
- Developed and facilitated training sessions for student leaders
- Hired and trained graduate assistants and paraprofessionals in residential life
- Assisted with co-curricular programs for residential assistants and sophomore advisors
- Co-advised the Student Activities Board and the Panhellenic Council
- Advised the National Society of Black Engineers (NSBE)
- Coordinated, developed, assessed, and evaluated comprehensive campus programs including new student orientation and the Greek Leadership Awards Banquet

Senior Admissions Counselor and Chicago Regional Representative, September 2003 to June 2004

Northern Michigan University (NMU), Office of Admissions, Marquette, MI

- Planned and implemented market cultivation strategies to include high school visits, college fairs, off campus workshops, guidance counselor regional luncheons, as well as transporting of students of color from the Chicago area to NMU
- Reviewed and executed decision on admissions applications at onsite admissions programs
- Increased admissions applications from Cook County by 68.6% and admits by 57.1% within four months of hire date
- Increased enrollment of minority students from Cook County by 14%

Admissions Counselor, July 2001 to September 2003

University of Minnesota, Morris (UMM), Office of Admissions, Morris, MN

- Targeted recruitment counselor responsible for a recruitment territory which included all states except North Dakota, South Dakota, and parts of Wisconsin and Minnesota.
- Exclusively reviewed and executed decisions on the Presidential Outstanding Minority Scholarship
- Assisted with the creation of the University's first student of color view book
- Assisted in recruiting matriculated freshman students of color to the Gateway summer transition program

- Supervised and trained 15 telecounselors and an undergraduate assist for minority recruitment
- Restored the office's relationship with education talent search agencies in Fresno, CA; New Orleans, LA; St. Paul, MN; and Chicago, IL to maintain the University's student of color enrollment numbers

OTHER RELEVANT EXPERIENCE

- Instructor, "Healing After the Fall," Youth Rehabilitation Treatment Center, Geneva, NE, July 2006 to November 2006.
- **Practicum Student**, Indiana State University, Office of Sponsored Program, Terre Haute, IN, August 2005 to December 2005.
- **Practicum Student**, Ivy Tech Community College, Career Services, Terre Haute, IN, May 2005 to August 2005.
- **Practicum Student**, Indiana State University, Educational Talent Search, Terre Haute, IN, August 2004 to December 2004.
- **Office Assistant**, University of Minnesota, Morris, Office of Student Counseling, Morris, MN, August 1998 to May 2001.

INVITED PRESENTATION

- "Minimizing Debt," College and Career Fair, Emmaus Christian Church, Indianapolis, IN, October, 2010
- "No Struggle, No Progress," Juneteenth Celebration, The Way United Methodist Church, Indianapolis, IN, June, 2009.
- "Peace Corps to Immersion Experiences," Peace Conference, First United Methodist Church, Lincoln, NE, April 2008.
- "Affirmative Action: Peace, Restorative Justice, and Forgiveness," Peace Conference, St. Paul United Methodist Church, Lincoln, NE, April, 2008.
- "Living a Legacy," Lincoln Southeast High School, Lincoln, NE, March, 2008.
- "Faith, Academics, and the Pursuit of Excellence," United Methodist Church Summer Youth Conference, Lincoln, NE, June, 2007.
- "Pursue Your Passion: Despite How Ludicrous It May Seem," African American Honors Reception, Lincoln Public Schools and the National Association for the Advancement of Colored People, Lincoln, NE, May, 2007.
- "White Privilege," Race Relations, Department of Sociology, NWU, Lincoln, NE, April, 2007.
- "Pursuing the Ph.D.: Considerations for Applying to Doctoral Programs, American Student Educators International/National Association for Student Personnel Administrators Joint Meeting, Orlando, FL, April, 2007.
- "Sexual Assault," Peer Assistant In-service, NWU, Lincoln, NE, March, 2007.
- "Men as Rape Victims," Phi Kappa Tau In-service, NWU, Lincoln, NE, January, 2007.
- "Sensitivity Training: Minorities in Music," Department of Music Convocation, NWU, Lincoln, NE, November, 2006.
- "African-American Students' Persistence at Predominately White Universities," Indiana State University, Terre Haute, IN, March, 2006.
- "Reconstructing the Discussion of White Privilege," American Student Educators International (ACPA), Indianapolis, IN, March, 2006.
- "Building Bridges," Indiana State University, Leadership Group Meeting, Terre Haute, IN, December, 2005.
- "CAS Standards: A Systems Analysis of the Upward Bound Program at Indiana State University," Indiana

State University, Terre Haute, IN, July 2005.

- “Walking With Purpose,” Hyde Park Career academy, Black History Alive, Chicago, IL, February, 2004.
- “Understanding Yourself: Self-Esteem,” Westinghouse Career Academy, Nursing Department, Chicago, IL, March, 2004.
- “Building A Community of Promise,” Wheaton Area Middle/High School, Wheaton, MN, September, 2001.
- “Transcript Analysis of School Shootings: Prototyping Through Key Events,” UMM, Morris, MN, May, 2001.

DISTINCTIONS

Recipient, Joseph B. Whitehead Educator of Distinction Award, Coca-Cola Scholars Foundation, May 2010

Recipient, Outstanding Leader, Never Bound Again (NBA) Camp Conference, Mt. Zion Apostolic Church, August 2009

Recipient, Multi-Racial Network Professional of the Year, American College Personnel Association, Atlanta, GA, 2008

Member, Pi Lambda Theta, International Honor Society and Professional Association in Education, 2006 – 2008

Honoree, Transformative Community Leader, Leadership Lincoln, Lincoln Journal Star, October, 2007

Honoree, National Dean’s List, 2004 – 2006

Semi-finalist, Curtis H. Larson Award, UMM, Morris, MN, 2001

Recipient, Mary Martell Award for Community Service, UMM, Morris, MN, 2000

ADDITIONAL INVOLVEMENT

- *Member*, National Career Pathways Network, September 2011 to present
- *Member*, Indiana School Counselor Association, August 2010 to present
- *Board Member*, Carol Associations, Inc, August 2010 to August 2011
- *Member*, Indiana Association for College Admissions Counseling, July 2008 to present
- *Events Planner*, CYIAM, Mt. Zion Apostolic Church, December 2008 to December 2010
- *Member*, Task Force on Wolf Fund Allocation Policy, President’s Council on Cultural Diversity, NMU, Lincoln, NE, 2008
- *Member*, Higher Learning Commission Self-Assessment Committee, North Central Accreditation Association, NWU, 2008
- *Facilitator*, Winterfest 2012 Strategic Planning Conference, NWU, January, 2008
- *Reputation Analysis Invitee*, Expanding Inclusion in Higher Education/Referendum and Ballot Initiatives, Howard Samuels Center and the Ford Foundation, New York, NY, April, 2008
- *Site Manager/Precinct Leader*, Presidential Democratic Caucus, Lincoln, NE, 2008
- *Chair*, Nebraskans United for Affirmative Action, Lincoln, NE, 2008
- *Youth Chapter and College Chapter Advisor*, NAACP, Lincoln, NE, 2007 to 2008
- *Chair*, Freedom Fund Banquet, NAACP, Lincoln, NE, 2007 to 2008
- *Steering Committee*, Renaming of Capitol Parkway to Rosa Parks Way, NAACP, Lincoln, NE, 2007
- *Co-founder and Chair*, Peace Meal, Lincoln, NE, 2006 to 2008
- *Member*, President’s Inauguration Planning Committee, NWU, Lincoln, NE, 2006 to 2007
- *Fundraising Coordinator*, Standing Committee for New Professionals and Graduate Students, American College Personnel Association, 2006 to 2007
- *Youth Director*, Bethlehem Temple, Terre Haute, IN, August 2004 to November 2006

Tieree Smith is Director of College and Career Readiness at Goodwill Education Initiatives. She received her M. S. in Higher Education and Student Affairs from Indiana State University and her B. A. in Speech Communication from the University of Minnesota, Morris. She is currently pursuing a certificate in Project Management at Indiana University Purdue University and a national certification in Project Management. Tierее has 10 years of experience in education, fulfilling administrative duties including college and career counseling, judicial affairs, multicultural affairs, accreditation assessment, matriculation and retention of college students.

Tieree has made several presentations at local, regional, and national organizations on leadership, college and career counseling, volunteerism, and diversity. She has served on an array of community, state, and national boards. She served as the first appointed Chair of the Nebraskans United for Affirmative Action, Site Manager and Precinct Leader for the Presidential Democratic Caucus in Lincoln, NE, Board Member of Carol Associations, Inc., co-founder of the city-wide Peace Meal on Restorative Justice, and Fundraising Coordinator for the Standing Committee for New Professional and Graduates of the American College Personnel Association. Her passion for civic engagement afforded her the opportunity to be invited to New York City in 2008 by the Howard Samuels Center and the Ford Foundation as a representative of the state of Nebraska on the issue of *Expanding Inclusion in Higher Education/Referendum and Ballot Initiatives*.

Tieree has gained local and national recognition for her devotion to youth, education, restorative justice, and multicultural affairs. She was a 2010 recipient of the Coca-Cola Scholars Foundation, Joseph B. Whitehead Educator of Distinction Award. She received the 2009 Outstanding Leader Award from the Never Bound Again Camp Conference Committee of Indianapolis, IN. She was featured on the front page of the Indianapolis Journal Star in January of 2009 for her outstanding work in helping students secure scholarships, reduce debt, and transition into college. The article was subsequently published in the Alternative High School Initiatives network newsletter, Big Picture Schools national newsletter, and several other newsletters in various states. In 2008, she was named the Multi-Racial Network Professional of the Year by the American College Personnel Association and a Transformative Community Leader by Leadership Lincoln of Lincoln, Nebraska.

COURTNEY MULCAHY RENT

5 4 4 3 E 1 3 T H S T . I N D I A N A P O L I S , I N 4 6 2 1 9
C O U R T N E Y R E N T @ Y A H O O . C O M
(317)414-2200

EXPERIENCE

June 2010-Present, Goodwill Education Initiatives, Indianapolis, IN

Director of Community Services

- Gatekeeper for Indy Met and Excel Center, meets with students and families to help determine best educational fit for student
- Determines resources for families and students if needed, acts as liaison between new families and existing resources
- Promotes Goodwill Education Initiatives in the community and develops community partners to keep a flow of incoming students, as well as attend community events
- Collaborates with school staff to develop and facilitate enrollment processes and works with “on-boarding” new students
- Manages the applications, waitlist and enrollments for the Excel Center and the Met
- Organizes and facilitates orientations for the Met

June 2008-June 2010, Indianapolis Metropolitan High School, Indianapolis, IN

Athletic Director/Parent-Student Activities Coordinator

- Developed an athletic and after-school program, that provided activities seasonally and daily for students enrolled in the school
- Created an athletic handbook that set up the mission and intent for the athletic program
- Initiated a parent e-newsletter that is distributed to over 150 parents
- Participated in the Parent Leadership Academy through the Indiana Partnership Center to develop parent leaders in the school community
- Helped to create the first Charter School Athletic Conference
- Supervised the 21st Century Community Learning Center Program for after-school activities
- Experienced in recruiting, interviewing and hiring staff for the athletic program
- Organized and carried out events ranging from home games and banquets to parent information nights
- **Member:** National Interscholastic Athletic Administrator's Association; Indiana Interscholastic Athletic Administrator's Association

August 2007-Present, Big Picture Company, Indianapolis, IN

Educational Coach

- Provided curriculum consultation in alignment with the Big Picture Model
- Traveled to Tennessee to facilitate training of school staff on key components of their educational philosophy
- Two time presenter at National Big Picture training conference
- Presented at National College Transition Conference

October 2004-May 2008, Indianapolis Metropolitan High School, Indianapolis, IN

Advisor/Teacher

- Instructed a cohort of 16 students from freshman year through graduation in accordance with Indiana Core 40 educational standards
- 15 out of 16 of the cohort are participating in college or other post secondary options
- Provided differentiated instruction project-based on each student's need and ability

- Worked directly with the students' parents, community mentors, and other school staff to provide a support network around their educational requirements
- Created a strong group dynamic to help ensure responsible behavior, future life skills and work habits

August 2003-November 2003, Hulbert Outdoor Center, Fairlee, VT

School Programs Staff

- Provided instruction students from all over New England
- Utilized the outdoors to facilitate teambuilding and adventure challenge
- Trained on the high and low R.O.P.E.S. courses to build group development skills and respect through specifically designed facilitation
- Conducted interviews with teachers, parents and other staff to tailor programs to each group's needs

August 2001-June 2003, Berkshire Country Day School, Stockbridge, MA

Lower/Middle School Physical Education Teacher

- Planned and designed lessons for the physical education program
- Fourth grade homeroom teacher
- Coached middle and high school soccer and basketball
- Developed, organized and coordinated events and staff for the school's first ever Fun Day.

Summers 1999-2007, Songadeewin of Keewaydin, Salisbury, VT

Head of Programming

- Coordinated the camp schedule by assigning staff to activities based on their strengths and abilities
- Educated staff on ways to develop and enhance their teaching techniques
- Guided cabin staff through conflict resolution and behavior management situations
- Collaborated with the Camp Director and worked in conjunction with other leadership positions
- Presented seminars during staff training designed for communicating more effectively with children and creating community

Cabin/Trip Staff

- Taught campers daily in activities ranging from sailing to riflery
- Lead extensive canoe trips to the Adirondacks, Maine and Canada
- Developed strong interpersonal relationships with campers and other staff

EDUCATION

August 1997-May 2001, Johnson State College, Johnson, VT

Bachelor of Health and Life Sciences

- K-12 Physical Education Licensure
- 4 years NCAA Division 3 soccer and softball
- 2 years Student Association, Senator

- President, Physical Education Majors Club
- Presenter, Vermont Association of Health, Physical Education Recreation and Dance

SKILLS/CERTIFICATIONS

- Microsoft Word, Excel, Publisher and Constant Contact proficient
- Lifeguard and Water Safety Instruction Certified
- Wilderness First Aid
- CPR, First Aid
- Small Craft Safety (kayak, canoe, sailboat, moving water)

Lori Thompson joined Goodwill Industries in Spring of 2012. Lori currently serves as the Controller for Goodwill Education Initiatives. Lori has more than 20 years of not-for-profit accounting experience, serving education, other not-for profit groups.

Previously, Thompson was self-employed providing accounting services to several Community Development Corporations in Indianapolis. Additionally, she worked for Bookkeeping Plus Inc. for over seven years, providing accounting services to charter schools across Indiana. Thompson managed the charter school division of Bookkeeping Plus for more than 3 years of her time at BPI, where she developed many of the policies and procedures in use within that department.

Daniel Justin Scott

Business Address

1635 West Michigan St.
Indianapolis, IN 46222

Contact Information

dscott@goodwilleducation.com
(317) 524-3835

OBJECTIVE: To continue to expand myself and knowledge while working to bring an innovative and reform minded approach to the industry in which I work.

EXPERIENCE:

Director of Data Services

May 2012 – Current

Goodwill Education Initiatives (GEI)

- Work with GEI schools (Indianapolis Metropolitan High School and the Excel Center for Adult Learners) to actively track and evaluate all aspects of the schools' student achievement and processes
 - Provide analysis and support across all aspects of the school
 - Monitor the school's progress towards the state's accountability model(s)
 - Analyze school data to identify trends and weaknesses and provide data driven recommendations for improving inefficiencies
- Provide GEI *network* schools with data analysis and support
 - Provide analysis and support across all aspects of the school
 - Monitor the school's progress towards the state's accountability model(s)
 - Review the school's performance across key indicators to ensure that the school is meeting the criteria and standards that GEI has set for all network schools
- Provide GEI *service* schools with data analysis and support
 - Provide analysis and support across all aspects of the school
 - Monitor the school's progress towards the state's accountability model(s)
 - Analyze school data to identify trends and weaknesses and provide data driven recommendations for improving inefficiencies
- Leverage data across all schools in the GEI family to identify innovative ways to improve school success
- Fill additional roles and responsibilities as needed

Accountability Specialist/Data Analyst

Jan 2009 – May 2012

Indiana Department of Education (DOE)

- Designed and implemented Indiana's new state accountability model
 - Worked with various educational groups, organizations and interest groups to develop the comprehensive accountability model
 - Collaborated on Indiana's No Child Left Behind flexibility waiver
- Provided support for major policies including Indiana's school choice (voucher) program

Daniel Justin Scott

- Assisted in the creation and implementation of Indiana's charter school board
- Responsible for providing data analysis for all DOE programs
 - Provided full analysis of the current state of each program
 - Identified ways to improve upon the current program structures to become more efficient and higher achieving
- Tasked with various other responsibilities such as research innovative programs in other states and identified ways to lower the achievement gap

Voter File Coordinator

Jan 2006 – Jan 2009

Indiana Republican State Committee

- Work directly with candidates and various political campaigns to assess the political landscape and develop a strategic plan
 - Leveraged marketing research and analysis to attain political goals
 - Developed and maintained relations with elected officials, candidates, various community groups, state departments and interest groups
- Coordinated with representatives across all of Indiana's 92 counties to align efforts and research to best meet department objectives
- Served on the Indiana Statewide Voter Registration System (SVRS) Steering Committee
 - Served on the committee with the Indiana Election Division, Secretary of State Todd Rokita, Quest, Virchow Krause and County Clerks from around the state of Indiana
- Provided additional political, campaign and strategic support as needed

EDUCATION:

Butler University

2002-2006

Bachelor's Degrees in Political Science and History

St. Louis University

2000-2002

Dual enrollment through St. Mary's High School

Located in St. Louis, Missouri

Institute for Study Abroad

Spring 2005

Flinders University

Located in Adelaide, Australia

Attachment 4 - Governance Documents
IRS Letter of Documentation

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: SEP 17 2004

GOODWILL EDUCATION INITIATIVES INC
C/O JAMES M MCCLELLAND
1635 W MICHIGAN ST
INDIANAPOLIS, IN 46222

Employer Identification Number:
20-0749885

DLN:

17053055069044

Contact Person:

MYRON L RANNEY

ID# 75618

Contact Telephone Number:

(877) 829-5500

Accounting Period Ending:

June 30

Public Charity Status:

170(b)(1)(A)(ii)

Form 990 Required:

Yes

Effective Date of Exemption:

December 19, 2003

Contribution Deductibility:

Yes

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Please see enclosed Information for Exempt Organizations Under Section 501(c)(3) for some helpful information about your responsibilities as an exempt organization.

Sincerely,



Lois G. Lerner
Director, Exempt Organizations
Rulings and Agreements

Enclosures: Information for Organizations Exempt Under Section 501(c)(3)

Letter 947 (DO/CG)

ARTICLES OF INCORPORATION
OF
GOODWILL EDUCATION INITIATIVES, INC.

The undersigned incorporator, desiring to form a corporation (the “Corporation”) pursuant to the provisions of the Indiana Nonprofit Corporation Act of 1991, as amended (the “Act”), executes the following Articles of Incorporation:

Name

Name. The name of the Corporation is:

Goodwill Education Initiatives, Inc.

Purposes and Powers

Type of Corporation. The Corporation is a public benefit corporation.

Primary Purposes. The purposes for which the Corporation is organized are limited as follows:

Educational and Charitable Purposes.

To provide educational opportunities designed to enable young people to prepare for productive adult lives; and

To develop, own and operate one or more charter schools, as that term is defined in Indiana Code Sections 20-5.5-1-1, et. seq.

Additional Purposes. In addition, the Corporation is formed for the purpose of assisting and engaging in all activities which serve educational or charitable purposes, which are permitted by the Act, and which are permitted to be carried on by an organization exempt from Federal taxation under the provisions of Section 501(c)(3) of the Code.

Limitations. Nothing contained in these Articles of Incorporation shall be construed to authorize the Corporation to engage in any activities or perform any

functions which are not within the tax-exempt purposes enumerated in Section 501(c)(3) of the Code.

Limitations Upon Powers. No part of the net earnings of the Corporation shall inure to the benefit of any member, Director or Officer of the Corporation or to any private individual, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered by a member, Director, Officer or employee and to pay principal and interest at a reasonable rate not exceeding current market rates on funds loaned or advanced by a member, Director or Officer to the Corporation. No substantial part of the activities of the Corporation shall consist of attempting to propose, support, oppose, advocate the adoption or rejection of, or otherwise influence legislation by propaganda or otherwise, and the Corporation shall not participate in or intervene in (including the publication or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these Articles, the Corporation shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization exempt from Federal taxation under Section 501(c)(3) of the Code

Registered Office and Registered Agent

Registered Office. The street address of the registered office of the Corporation is:

1635 West Michigan Street
Indianapolis, Indiana 46222

Registered Agent. The name of the registered agent of the Corporation at the registered office is:

James M. McClelland

Members

Membership. The Corporation shall have members.

Incorporator

Name and Address of Incorporators. The name and address of the incorporators are as follows:

James M. McClelland, President of Goodwill Industries of Central Indiana, Inc.

C. Perry Griffith, Jr., Chairman of Goodwill Industries of Central Indiana, Inc.

1635 West Michigan Street

Indianapolis, Indiana 46222

Provisions for Regulation of Business and Conduct of Affairs of the Corporation

Management of Corporation. The affairs of the Corporation shall be managed by the Board of Directors of the Corporation.

Code of By-Laws. The Board of Directors of the Corporation shall have the power to make, alter, amend or repeal the Code of By-Laws of the Corporation as provided therein.

Limitation on Powers of the Board of Directors. Notwithstanding any contrary provisions in these Articles, neither the members nor the Board of Directors shall have the power or authority to take or authorize any action which shall deprive the Corporation of its status as an exempt organization under the provisions of Section 501(c)(3) of the Code.

Amendment of Articles of Incorporation. The Corporation reserves the right to amend, alter, change or repeal any provisions contained in the Articles of Incorporation or in any amendment hereto, in any manner now or hereafter prescribed or permitted by the Act or any

amendment thereto; provided, however, that such power of amendment shall not authorize any amendment which would have the effect of disqualifying the Corporation as an exempt organization under the provisions of Section 501(c)(3) of the Code.

Dissolution

Dissolution. In the event of dissolution of the Corporation, assets remaining after payment of all debts of the Corporation shall be transferred by the Board of Directors as follows:

- (1) any remaining funds originally received from the Indiana Department of Education or any Indiana public school corporation shall be returned to the Indiana Department of Education or to the Indiana public school corporation from which the funds originated, to be used for exclusively public purposes; and
- (2) all other assets shall be distributed to the United States, the State of Indiana, the municipality in which the registered office of the Corporation is located, or any instrumentality or subdivision thereof, or to any nonprofit corporation, trust, foundation or other organization that is organized for nonprofit educational purposes and which, at the time of transfer, is exempt from Federal income taxation under Section 501(c)(3) of the Code, as may be selected by the Board of Directors; provided, however, that any transfer to a governmental entity shall be used for exclusively public purposes.

Any such assets not so transferred by the Board of Directors shall be disposed of by the Circuit Court of the County in which the registered office of the Corporation is located, exclusively for such tax-exempt purposes or to such tax-exempt organizations as the Court shall determine. No member (other than a member that is exempt from Federal income taxation under Section 501(c)(3)), Director or Officer of the Corporation, or any private individual, shall be entitled to share in the distribution of any of the assets of the Corporation on dissolution of the Corporation.

Restrictions Applicable if the Corporation Is Or Becomes A Private Foundation

Restrictions. Notwithstanding anything contained in the Articles of Incorporation to the contrary, in the event and if for any reason the Corporation should fail to qualify as a “public

charity” and is classified as a “private foundation” as that term is defined in Section 509(a) of the Code, then and in such event and in order to comply with Section 508(e) of the Code, and for so long as the Corporation may be deemed to be a “private foundation,” the powers and activities of the Corporation in accomplishing the foregoing purposes shall be specifically subject to the following requirements, restrictions and limitations:

Self Dealing. The Corporation shall not engage in any act of self-dealing as defined in Section 4941(d) of the Code;

Mandatory Distributions. The Corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Code;

Excess Business Holdings. The Corporation shall not retain any excess business holdings as defined in Section 4943(c) of the Code;

Jeopardizing Investments. The Corporation shall not make any investments in such manner as to subject it to tax under Section 4944 of the Code; and

Taxable Expenditures. The Corporation shall not make any taxable expenditures as defined in Section 4945(d) of the Code.

Indemnification

Scope of Indemnity. The Corporation shall indemnify every person who is or was a director or officer of the Corporation (each of which, together with such person’s heirs, estate, executors, administrators and personal representatives, is hereinafter referred to as an “Indemnitee”) against all liability to the fullest extent permitted by Indiana Code 23-17-16; provided, that such person is determined in the manner specified by Indiana Code 23-17-16 to have met the standard of conduct specified in Indiana Code 23-17-16. The Corporation shall, to the fullest extent permitted by Indiana Code 23-17-16, pay for or reimburse the reasonable expenses incurred by every Indemnitee who is a party to a proceeding in advance of final disposition of the proceeding, in the manner specified by Indiana Code 23-17-16. The foregoing indemnification and advance of expenses for each Indemnitee shall apply to service in the Indemnitee’s official capacity with the Corporation, and to service at the Corporation’s request, while also acting in an official capacity with the Corporation, as a director, officer, partner, member, manager, trustee, employee, or agent of another foreign or domestic corporation,

partnership, limited liability company, joint venture, trust, employee benefit plan, or other enterprise, whether for profit or not.

Binding Nature. The provisions of this Article shall be binding upon any successor to the Corporation so that each Indemnitee shall be in the same position with respect to any resulting, surviving, or succeeding entity as the Indemnitee would have been had the separate legal existence of the Corporation continued; provided, that unless expressly provided or agreed otherwise, this sentence shall be applicable only to an Indemnitee acting in an official capacity or in another capacity described in Section 9.01 prior to termination of the separate legal existence of the Corporation. The foregoing provisions shall be deemed to create a contract right for the benefit of every Indemnitee if (a) any act or omission complained of in a proceeding against the Indemnitee, (b) any portion of a proceeding, or (c) any determination or assessment of liability, occurs while this Article is in effect.

Interpretation. All references in this Article to Indiana Code 23-17-16 shall be deemed to include any amendment or successor thereto. When a word or phrase used in this paragraph is defined in Indiana Code 23-17-16, such word or phrase shall have the same meaning in this Article that it has in Indiana Code 23-17-16. Nothing contained in this Article shall limit or preclude the exercise of any right relating to indemnification or advance of expenses to any Indemnitee or the ability of the Corporation to otherwise indemnify or advance expenses to any Indemnitee.

Severability. If any word, clause, or sentence of the foregoing provisions regarding indemnification or advancement of expenses shall be held invalid as contrary to law or public policy, it shall be severable and the provisions remaining shall not be otherwise affected. If any court holds any word, clause, or sentence of this paragraph invalid, the court is authorized and empowered to rewrite these provisions to achieve their purpose to the extent possible.

Definitions

Definitions. Any reference made herein to a Section of the “Code” shall include that Section of the Internal Revenue Code of 1986, as well as (1) any subsequent amendments thereto; (2) the corresponding provisions in any recodification of the Internal Revenue Code; and (3) the Treasury Regulations promulgated under such Section.

IN WITNESS WHEREOF, the undersigned, being the Incorporators designated in Article 5, execute these Articles of Incorporation this ____ day of _____, 2003.

James M. McClelland, Incorporator

C. Perry Griffith, Jr., Incorporator

CODE OF BY-LAWS
OF
GOODWILL EDUCATION INITIATIVES, INC.

Adopted March 1, 2004

Identification

Name. The name of the Corporation is **Goodwill Education Initiatives, Inc.** (the “Corporation”).

Mission Statement. The Corporation shall develop and operate one or more charter schools to prepare young people for productive lives. Each school shall be a “charter school,” as that term is defined in I.C. Section 20-5.5, and shall be run in accordance with a “charter school agreement” entered into by the Corporation and the Mayor of the City of Indianapolis or other sponsor as that term is defined in I.C. Section 20-5.5-1-15 (hereinafter, the “Charter”). The schools will strengthen communities by helping urban students achieve their fullest potential by educating “one student at a time” and providing schools that (i) foster students’ individual interests; (ii) engage them with teachers, parents and mentors to create learning plans that focus on those interests; and (iii) combine school based study with outside experience.

Non-Discrimination. The Corporation shall admit students of any race, color, gender, national and ethnic origin, religion or ancestry and without regard to disability to all the rights, privileges, programs and activities generally accorded or made available at its charter schools. The Corporation shall not discriminate on the basis of disability, race, color, gender, national and ethnic origin, religion or ancestry in the administration of its educational policies, admissions, policies, scholarships and loan programs, and athletic or other school administered programs.

Non-Sectarian. The Corporation shall be non-sectarian and non-religious in its curriculum, programs, admission policies, employment practices, governance and all other operations.

Membership

Qualification of Member. The Corporation's sole member shall be Goodwill Industries of Central Indiana, Inc. ("Goodwill"). If Goodwill ceases to exist for any reason, then the sole member shall be Goodwill's successor-in-interest, if any, or if none or if for any reason there is no member then acting, the member shall be an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, that is selected by the Board of Directors.

Rights of the Member. The right of the member to vote and all the member's right, title and interest in or to the Corporation shall cease on the termination of membership. No member (other than a member that is then exempt from federal income tax under Code Section 501(c)(3)) shall be entitled to share in the distribution of the corporate assets upon the dissolution of the Corporation.

Dues and Assessments. The member shall not pay dues.

Resignation from Membership. The member may resign at any time by giving written notice of such resignation to the Chairman or the Secretary of the Corporation. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time is specified, at the time of its receipt by the Chairman or the Secretary. The acceptance of a resignation shall not be necessary to make it effective.

Termination of Membership. The Board of Directors may not terminate or suspend the membership of the member.

Period of Membership. The term of membership of the member shall be perpetual.

Place of Members' Meetings. All meetings of the member shall be held either at the registered office of the Corporation in the State of Indiana, or at such other place within or

without the State of Indiana as may be designated by the Board of Directors and specified in the respective notices or waivers of notice thereof.

Annual Meeting. An annual meeting of the member shall be held within six (6) months after the close of the fiscal year of the Corporation as designated by the Board of Directors and specified in the respective notices or waivers of notice thereof.

Special Meetings. Special meetings of the member may be called by the Chairman of the Corporation or by the Board of Directors.

Notice of Meetings. A written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered or mailed by the Secretary or by the officer or persons calling the meeting to the member at such address as appears on the records of the Corporation at least ten (10) days before the date of the meeting, or if notice is mailed by other than first class or registered mail, thirty (30) to sixty (60) days before the meeting date. Notice of any meeting of the member may be waived in a writing signed by the member and delivered to the Corporation. Attendance at any meeting shall constitute a waiver of notice of that meeting.

Action Without Meeting. Any action required or permitted to be taken at a meeting of the member of the Corporation may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by a duly authorized representative of the member, and such written consent is filed with the minutes of the proceedings of the member. Such consent shall have the same effect as the vote of the member at a duly held meeting.

Board of Directors

Functions. The business, property and affairs of the Corporation shall be managed and controlled by a Board of Directors as from time to time constituted.

Number and Qualification. There shall be nine (9) voting Directors of the Corporation, which number may from time to time be increased or decreased by resolution adopted by not less than a majority of the Board of Directors, subject to the limitation that the

Board shall never be reduced to less than three (3) nor increased to more than eleven (11) Directors. Except as otherwise provided in these By-Laws, all members of the Board of Directors shall have and be subject to the same and equal qualifications, rights, privileges, duties, limitations and restrictions; provided, however, the President of the Corporation shall be an ex-officio member of the Board of Directors but shall not vote, and shall not be counted as a Director for purposes of quorums, majority voting, and similar issues. All Directors shall consent to appropriate background searches as required by Charter Section 3.2. No Director shall take office until the Corporation fully complies with the provisions of Charter Section 3.2.

Election. One-half (rounded down to the nearest whole number) plus one of the members of the Board of Directors (the “Appointed Directors”) shall be appointed by Goodwill. The remaining members of the Board of Directors shall be elected by the Board of Directors at the annual meeting provided in this Article 2 of this Code of By-Laws (the “Elected Directors”).

Term. The Elected Directors shall be divided into three classes as nearly equal in number as possible. The terms of Elected Directors in the first group expire at the first annual meeting of the Directors after their election, the terms of the second group expire at the second annual meeting of the Directors after their election, and the terms of the third group expire at the third annual meeting of the Directors after their election. At each annual meeting of the Directors held thereafter, Directors shall be chosen for a term of three (3) years to succeed those whose term expires. Incumbent Directors shall be eligible for re-election or re-appointment; provided, however, no person may serve as a Director for more than three (3) consecutive three (3) year terms.

Vacancies. Any vacancy among the Elected Directors caused by death, resignation, removal or otherwise may be filled by the remaining Board of Directors, or if the Directors remaining in office constitute fewer than a quorum, by the affirmative vote of a majority of the Directors remaining in office. Any vacancy among the Appointed Directors shall be filled by Goodwill. A Director elected to fill a vacancy shall hold office until the expiration of the term of the Director causing the vacancy and until a successor shall be elected and qualified.

Resignation. Any Director may resign at any time by giving written notice of such resignation to the Board of Directors, the Chairman, President or Secretary of the Corporation, and if an Appointed Director, to Goodwill. A resignation is effective upon delivery unless the notice specifies a later effective date. The acceptance of a resignation shall not be necessary to make it effective.

Removal. Any Director may be removed, with or without cause, in accordance with the provisions of the Indiana Nonprofit Corporation Act of 1991, as amended (the “Act”).

Meetings. The Board of Directors shall meet at least quarterly. All meetings shall occur either at the registered office of the Corporation in the State of Indiana, or at such other place within the State of Indiana as may be designated by the Board of Directors and specified in the respective notices or waivers of notice thereof. The annual meeting shall be for the purpose of organization, election of directors and officers and consideration of any other business that may properly be brought before the meeting and shall be held within six (6) months after the close of the fiscal year of the Corporation as designated by the Board of Directors and specified in the respective notices or waivers of notice thereof. If the annual meeting is not held as above provided, the election of officers may be held at any subsequent meeting of the Board of Directors specifically called in the manner set forth herein. The Board of Directors may provide by resolution the time and place within the State of Indiana, for the holding of additional regular meetings of the Board without other notice than such resolution. Special meetings of the Board of Directors may be called by the Chairman, and shall be called by order thereof upon the written request of at least two Directors, which request shall set forth the business to be conducted at such meeting.

Notice of Meetings. Notice of all meetings of the Board of Directors, except as herein otherwise provided, shall be given by mailing the same (whether by post or by electronic mail), by telephoning, or delivering personally the same at least two (2) days before the meeting to the usual business or residence address of the Director as shown upon the records of the Corporation. Notice of any meeting of the Board of Directors may be waived in a document filed with the Secretary by any Director if the waiver sets forth in reasonable detail the purpose or purposes for which the meeting is called and the time and place of the meeting. Attendance at

any meeting of the Board of Directors shall constitute a waiver of notice of that meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. In addition, notice of any Board meeting shall be posted in a conspicuous place at the principal office of the Corporation or at the Board's meeting place at least 48 hours (excluding Saturday, Sunday, and legal holidays) prior to the meeting. Notice of any meeting shall at all times conform with the requirements of Indiana's "Open Door Law," I.C. Section 5-14-1.5.

Quorum. A quorum of the Board of Directors at any annual, regular or special meeting of the Board of Directors shall be a majority of the duly qualified members of the Board of Directors then occupying office, but in no case shall there be less than two (2) Directors present. The act of a majority of the Directors present at a meeting who constitute a quorum shall be the act of the Board of Directors.

Committees. The Board of Directors, by resolution adopted by a majority of the Board, may designate one or more committees, each of which shall consist of two or more Directors, which committees, to the extent provided in said resolution, shall have and exercise the authority of the Board of Directors in the management of the Corporation. Other committees not having and exercising the authority of the Board of Directors in the management of the Corporation may be designated by a resolution adopted by a majority of the Directors present at the meeting at which a quorum is present. The designation of any such committee and the delegation thereof of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed by law. All committee meetings shall be run in accordance with the requirements of Indiana's "Open Door Law," I.C. Section 5-14-1.5.

No Actions Without Meeting. All actions required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof must be taken at a meeting of the Board of Directors held in accordance with the requirements of Indiana's "Open Door Law," I.C. Section 5-14-1.5.

Meeting by Telephone, etc. Any or all of the members of the Board or of any committee designated by the Board may participate in a meeting by or through the use of any means of communication by which all persons participating may simultaneously communicate

with each other during the meeting. Participation in a meeting using these means constitutes presence in person at the meeting. Meetings at which one or more individuals participate by phone shall be treated in all respects as a meeting at which such individuals are physically present for purposes of complying with the requirements of Indiana's "Open Door Law," I.C. Section 5-14-1.5.

Officers

Officers and Agents. The officers of the Corporation shall consist of a Chairperson, a Vice-Chairperson, a President, a Secretary, and such other officers as the Board of Directors may, by resolution, designate from time to time. Any two (2) or more offices may be held by the same person. The Board of Directors may, by resolution, create, appoint and define the duties and fix the compensation of such officers and agents as, in its discretion, is deemed necessary, convenient or expedient for carrying out the purposes for which the Corporation is formed; provided, however, that officers and agents shall be compensated, if at all, only for actual services performed on behalf of the Corporation.

Election, Term of Office and Qualification. All officers shall be chosen annually by the Board of Directors at the annual meeting of the Board of Directors. Each officer shall hold office (unless the officer resigns, is removed, or dies) until the next annual meeting of the Board of Directors or until a successor is chosen and qualified.

Vacancies. In the event an office of the Corporation becomes vacant by death, resignation, retirement, disqualification or any other cause, the Board of Directors shall elect a person to fill such vacancy, and the person so elected shall hold office and serve until the next annual meeting of the Board of Directors or until a successor is elected and qualified, or until the officer's death, resignation or removal.

Chairperson. The Chairperson, if present, shall preside at all meetings of the Board of Directors, shall appoint the chairperson and members of all standing and temporary committees, subject to the review of the Board of Directors, and shall do and perform such other duties as this Code of By-Laws provides or as may be assigned by the Board of Directors.

Vice-Chairperson. The Vice-Chairperson shall preside at all meetings of the Board of Directors if the Chairperson is not present and shall do and perform such other duties as this Code of By-Laws provides or as may be assigned by the Board of Directors.

President. The President shall be the chief executive officer of the Corporation; shall have and exercise general charge and supervision of the affairs of the Corporation; and shall do and perform such other duties as this Code of By-Laws provides or as may be assigned by the Board of Directors. The president shall be an ex-officio member of the Board of Directors, but shall not have a vote.

Secretary. The Secretary shall have the custody and care of the corporate records and the minutes book of the Corporation. The Secretary shall attend all the meetings of the Board of Directors of the Corporation, and shall keep, or cause to be kept in a book provided for the purpose, a true and complete record of the proceedings of such meetings, and shall perform a like duty for all standing committees of the Board of Directors when required. The Secretary shall attend to the giving and serving of all notices of the Corporation, shall file and take care of all papers and documents belonging to the Corporation, shall authenticate records of the Corporation as necessary, and shall perform such other duties as may be required by the Code of By-Laws or as may be prescribed by the Board of Directors. The Secretary shall prepared and maintain all the materials necessary to comply with the provisions of Indiana's "Open Door Law," I.C. Section 5-14-1.5.

Assistant Officers. The Board of Directors may from time to time designate assistant officers who shall exercise and perform such powers and duties as the officers whom they are elected to assist shall specify and delegate to them, and such other powers and duties as may be prescribed by the Code of By-Laws, the Board of Directors.

Removal. Any officer may be removed from office, with or without cause, by the Board of Directors.

Resignations. Any officer may resign at any time by delivering notice to the Board of Directors, the President or the Secretary. A resignation is effective upon delivery unless the notice specifies a later effective date.

Loans to Officers and Directors

The Corporation shall not lend money to or guarantee the obligations of any officer or Director of the Corporation.

Financial Affairs

Contracts. The Board of Directors may authorize any officer or agent to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to a specific instance; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement, or to pledge its credit or render it liable pecuniarily for any purpose or to any amount. The Board is specifically authorized to enter into (and from time to time amend) one or more “Charter School Agreements” with the Mayor of the Consolidated City of Indianapolis, Marion County, Indiana or any other qualified sponsor.

Checks, etc. The Board shall by resolution designate officers, agents or employees of the Corporation who may, in the name of the Corporation, execute drafts, checks and orders for the payment of money in its behalf; provided, however, that any expenditure in excess of Twenty-Five Thousand Dollars (\$25,000.00) that is outside the ordinary course of operation shall comply with Section 10.6 of the Charter.

Investments. The Corporation shall have the right to retain all or any part of any securities or property acquired by it in whatever manner, and to invest and reinvest any funds held by it, according to the judgment of the Board of Directors.

Audited Financial Statements. The Corporation shall maintain financial statements prepared in accordance with the unified accounting system prescribed by the State Board of Education and State Board of Accountants and shall engage an independent certified public accountant to audit such financial statements.

Fiscal Year

The fiscal year of the Corporation shall begin on the first day of July of each year and end on the last day of June of each year.

Prohibited Activities

Notwithstanding any other provision of this Code of By-Laws, no member, Director, officer, employee or agent of this Corporation shall take any action or carry on any activity by or on behalf of the Corporation not permitted to be taken or carried on by an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or any successor provision or provisions thereto.

Amendments

The power to make, alter, amend or repeal the Code of By-Laws is vested in the Board of Directors, which power shall be exercised by affirmative vote of a majority of the Directors; provided, however, that no amendment to Article 2 may be made without the prior approval of Goodwill. Any proposed amendment shall be included in the notice of such meeting and each member shall be provided with a copy of the notice of such meeting. If notice of a proposed amendment to the Code of By-Laws is included in the notice of any meeting of the Board of Directors, it shall be in order to consider and adopt at that meeting any amendment to the Code of By-Laws dealing with the subject matter with which the proposed amendment is concerned.

This form must be signed by the duly authorized representative of the applicant and submitted with the Full Application. An application will be considered incomplete if it is not accompanied by the Statement of Assurances form signed by the applicant's authorized representative.

Statement of Assurances

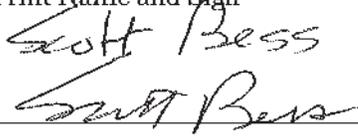
The charter school agrees to comply with all of the following provisions: (*Read and check*)

1. A resolution or motion has been adopted by the charter school applicant's governing body that authorizes the submission of this application, including all understanding and assurances contained herein, directing and authorizing the applicant's designated representative to act in connection with the application and to provide such additional information as required.
2. Recipients operate (or will operate if not yet open) a charter school in compliance with all federal and state laws, including Indiana Charter Schools Law as described in all relevant sections of IC § 20-24.
3. Recipients will, for the life of the charter, participate in all data reporting and evaluation activities as required by the Indiana Charter School Board (ICSB) and the Indiana Department of Education. See in particular IC § 20-20-8-3 and relevant sections of IC § 20-24.
4. Recipients will comply with all relevant federal laws including, but not limited to, the *Age Discrimination in Employment Act* of 1975, Title VI of the *Civil Rights Act* of 1964, Title IX of the *Education Amendments of 1972*, section 504 of the *Rehabilitation Act* of 1973, Part B of the *Individuals with Disabilities Education Act*, and section 427 of the *General Education Provision Act*.
5. Recipients will comply with all provisions of the Non regulatory Guidance—Public Charter Schools Program of the U.S. Department of Education, which includes the use of a lottery for enrollment if the charter school is oversubscribed, as well as with applicable Indiana law. See also relevant sections of IC § 20-24.
6. Recipients shall ensure that a student's records, and, if applicable, a student's individualized education program as defined at 20 U.S.C. § 1401(14) of the *Individuals with Disabilities Education Act*, will follow the student, in accordance with applicable federal and state law.
7. Recipients will comply with all provisions of the *No Child Left Behind Act*, including but not limited to, provisions on school prayer, the Boy Scouts of America Equal Access Act, the Armed Forces Recruiter Access to Students and Student Recruiting Information, the Unsafe School Choice Option, the Family Educational Rights and Privacy Act (FERPA) and assessments.
8. Recipients will operate with the organizer serving in the capacity of fiscal agent for the charter school and in compliance with generally accepted accounting principles.
9. Recipients will at all times maintain all necessary and appropriate insurance coverage.

- 10. Recipients will indemnify and hold harmless the ICSB, the Indiana Department of Education, the State of Indiana, all school corporations providing funds to the charter school (if applicable), and their officers, directors, agents and employees, and any successors and assigns from any and all liability, cause of action, or other injury or damage in any way relating to the charter school or its operation.
- 11. Recipients understand that the ICSB may revoke the charter if the ICSB deems that the recipient is not fulfilling the academic goals and/or fiscal management responsibilities outlined in the charter.

Signature from Authorized Representative of the Charter School Applicant

I, the undersigned, am an authorized representative of the charter school applicant and do hereby certify that the information submitted in this application is accurate and true to the best of my knowledge and belief. In addition, I do hereby certify to the assurances contained above.

Print Name and Sign 	Date 8/14/2012
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Attachment 6 – Board Member Information

Attachment 6 not included in the application, please refer to GEI's 2011 application for more detail.

Attachment 7 – Code of Ethics and Conflict of Interest

Attachment 7 not included in the application, please refer to GEI's 2011 application for more detail.

Attachment 8 – ESP Documentation

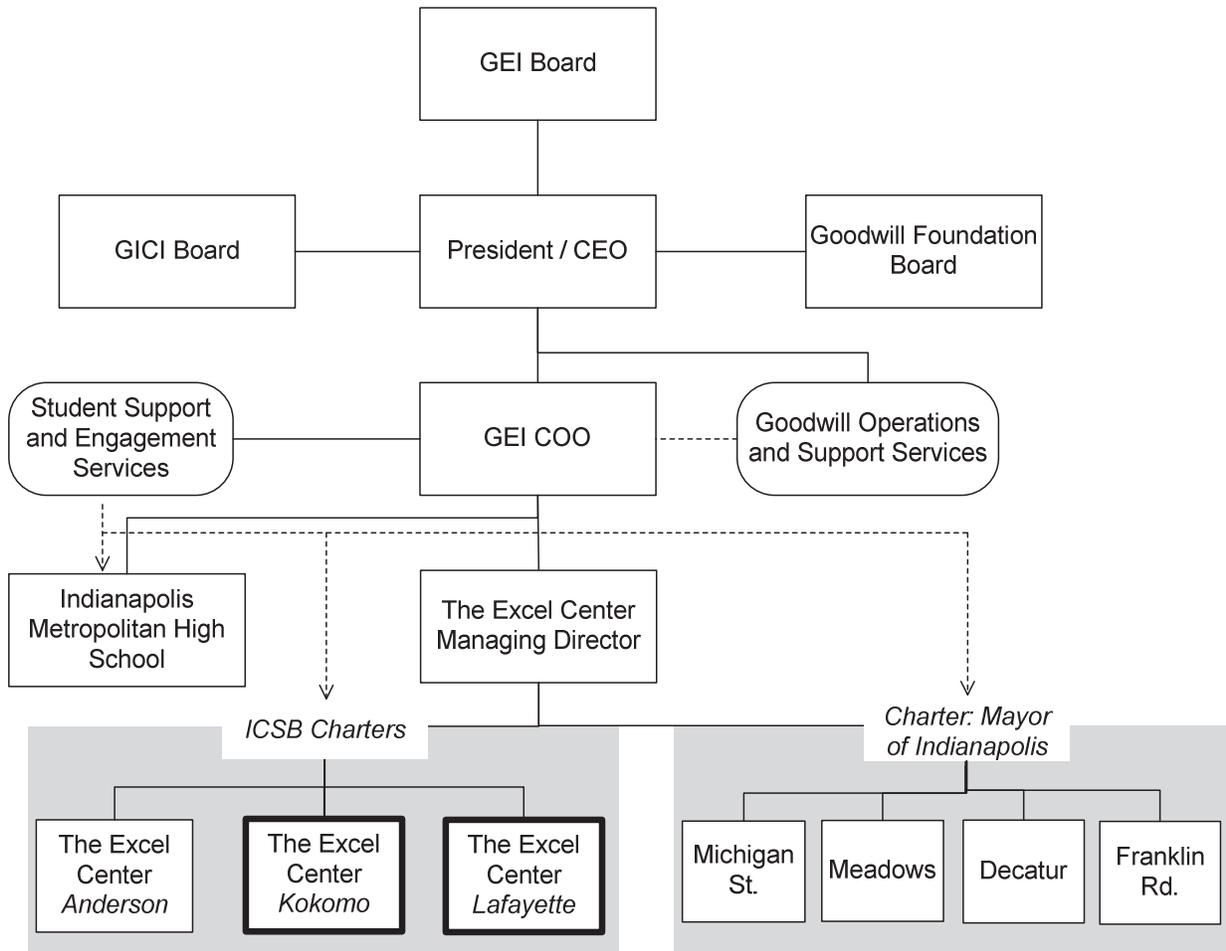
Attachment 8 not included in the application, please refer to GEI's 2011 application for more detail.

Attachment 9 – Business Plan

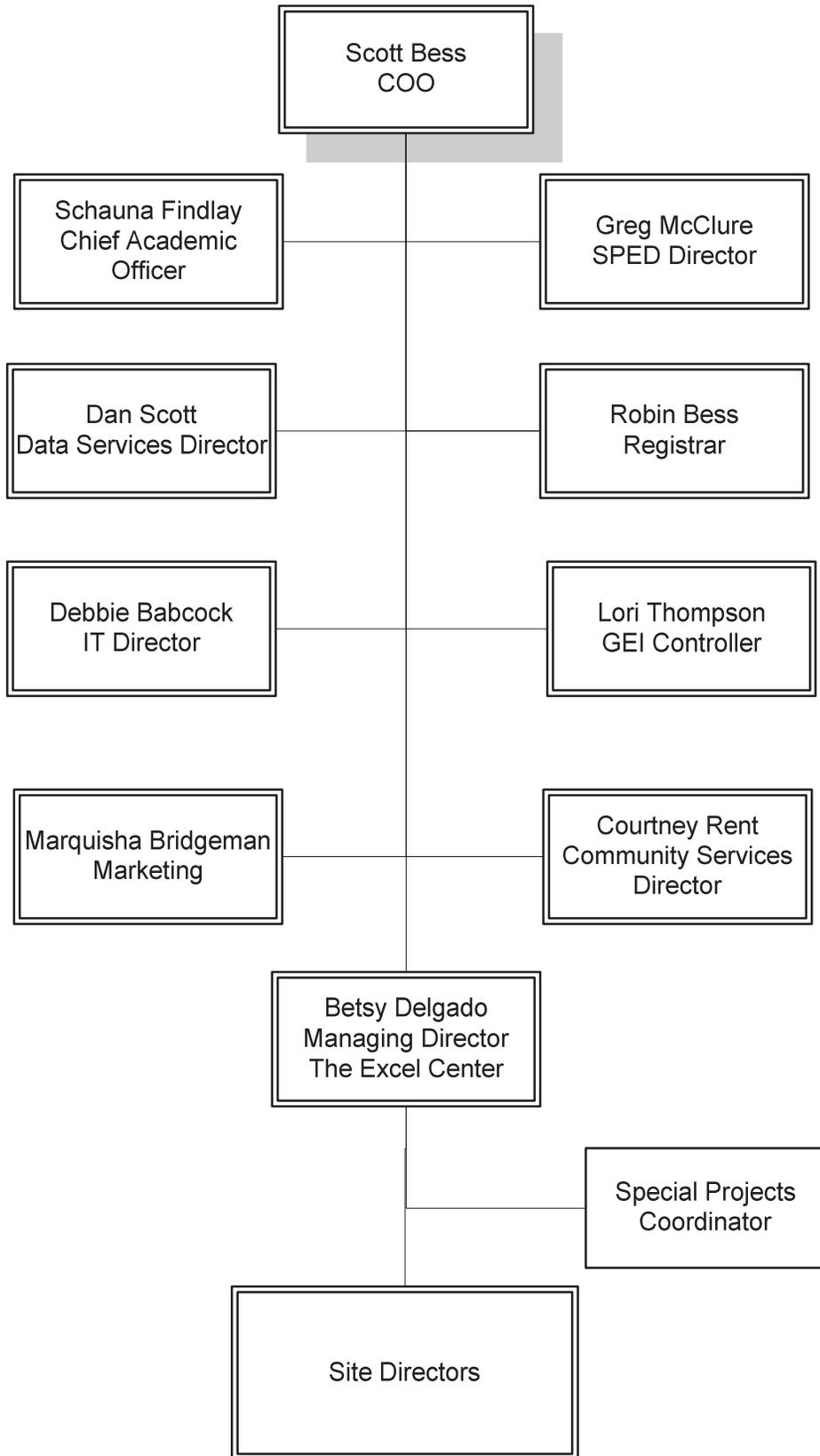
GEI, Inc. has not developed a business plan for this attachment. Please refer to the narrative for more information regarding GEI's growth plans.

Attachment 10 – Organizational Charts

Goodwill Education Initiatives 2013 Organization Chart

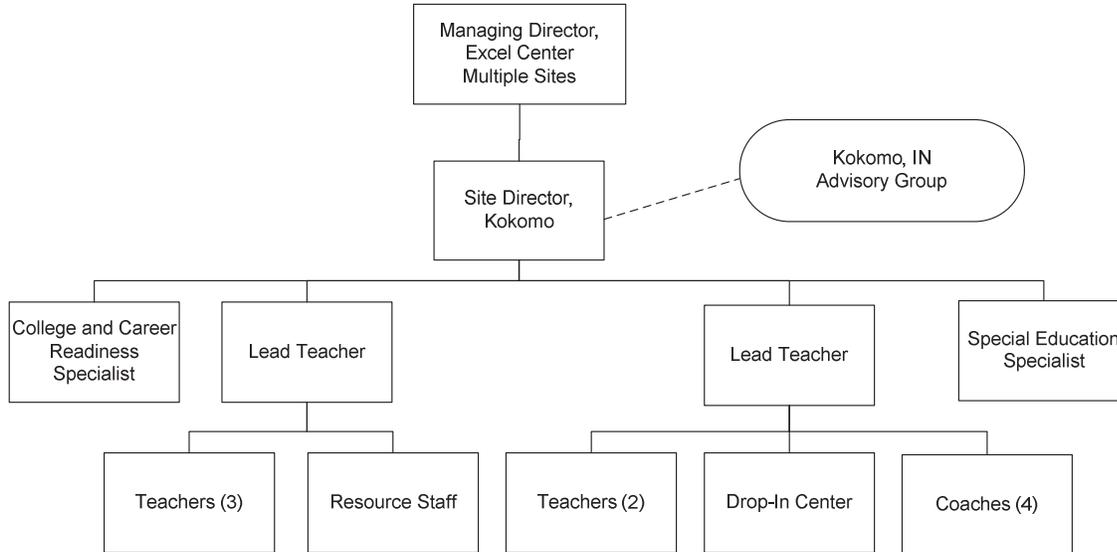


GEI Organization Chart



Year 1 School-Level Organizational Chart

This chart uses Kokomo as an example. This structure is the same for all of the new Excel Center locations.



Note: The Excel Center is fully staffed and operating at full capacity within Year 1. Therefore, there is no difference between the organizational chart in Year 1 and the school at full capacity.

Attachment 11 – Course Scope and Sequence

Attachment 11 not included in the application, please refer to GEI's 2011 application for more detail.

Attachment 12 – Academic and Exit Standards

Attachment 12 not included in the application, please refer to GEI's 2011 application for more detail.

Attachment 15 – Student Discipline Policy

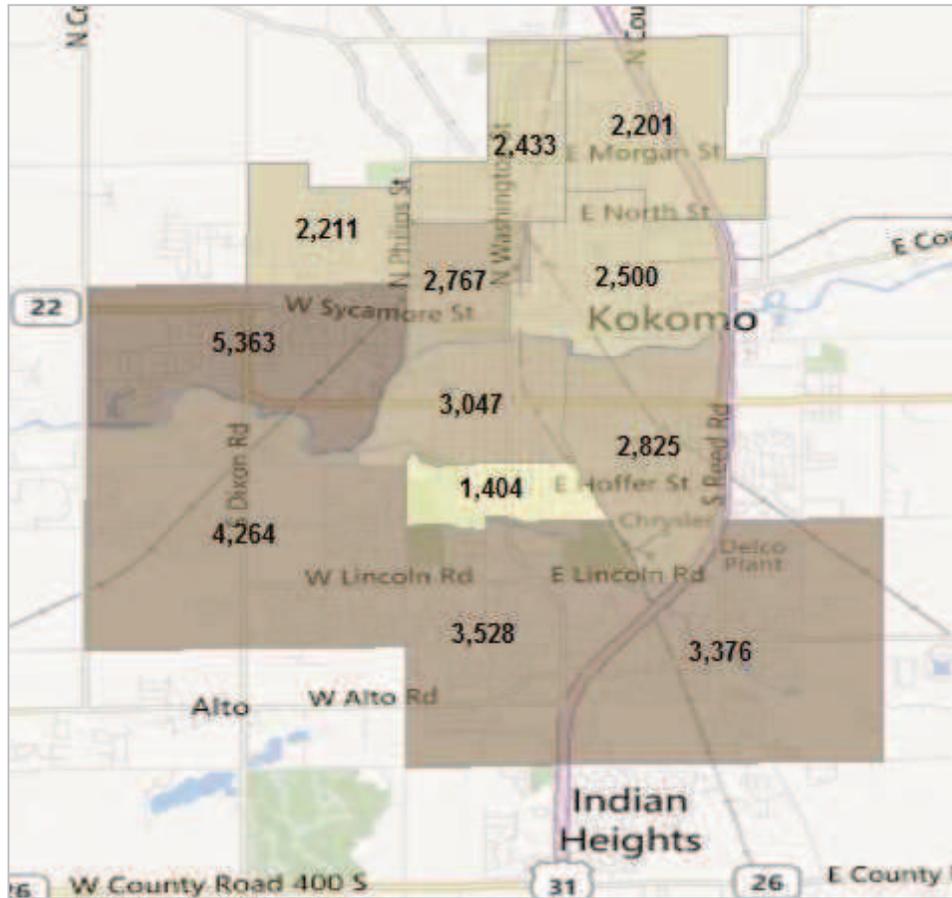
Attachment 15 not included in the application, please refer to GEI's 2011 application for more detail.

Attachment 16 – Evidence of Community Support

Kokomo, IN Community Profile

2010 Census Data:

Total population over 18: 35,919



(ACS 5-year estimates 05-09):

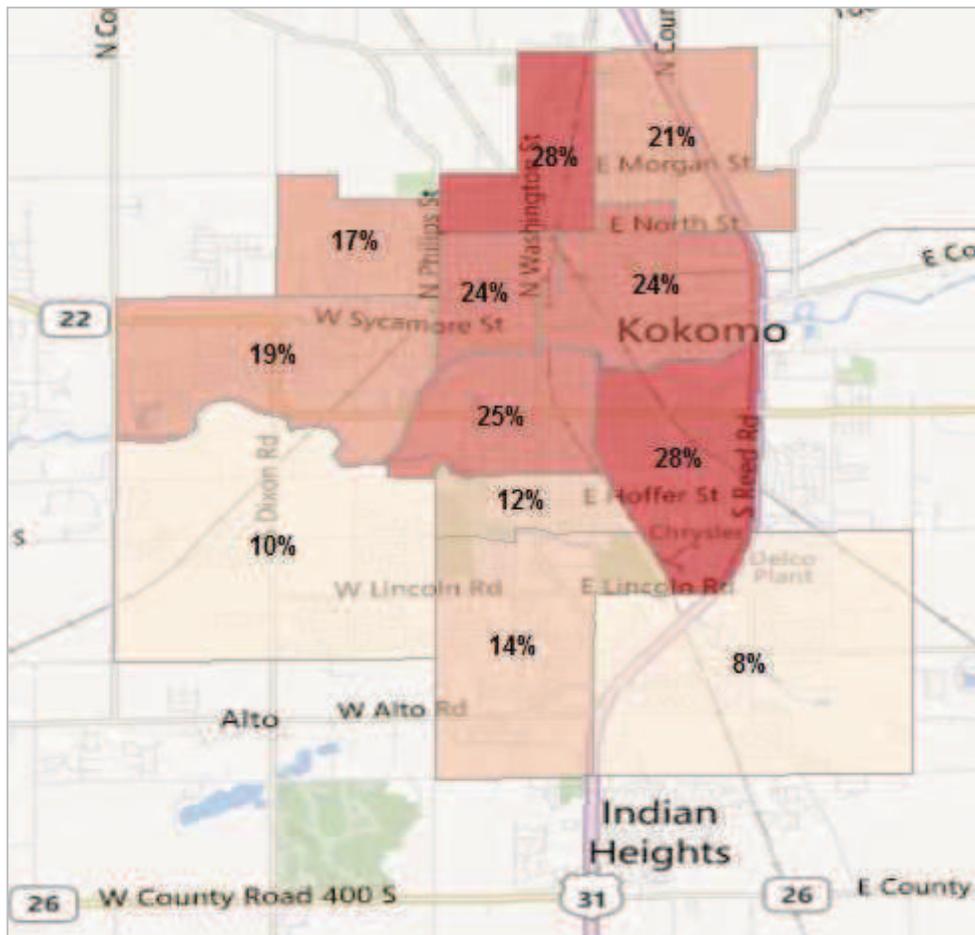
Population without a high school diploma:

Age	No.	%
18-24	980	22.8%
25-43	1,435	16.4%
35-44	944	13.3%
45-64	1,541	13.3%
65 and Over	1,842	24.3%
TOTAL	6,742	18.8%

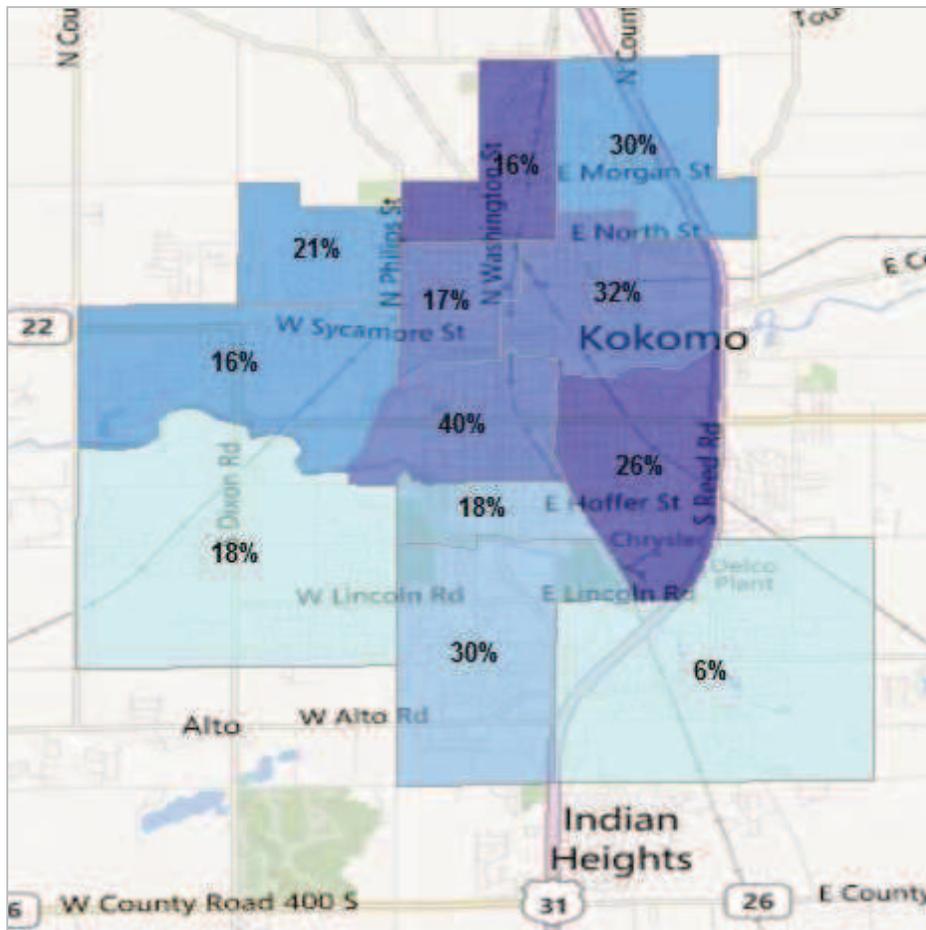
Full educational profile – Kokomo, IN

	Raw Numbers						Percents					
	18-24	25-43	35-44	45-64	65 and Over	Total	18-24	25-43	35-44	45-64	65 and Over	Total
<i>Total Population 18+ (in ACS data)</i>	4,295	6675	5,757	11,604	7,588	35,919	100%	100%	100%	100%	100%	100%
No high school diploma	980	1435	944	1,541	1,842	6,742	23%	16%	13%	13%	24%	19%
High school diploma	1,729	2130	2,002	4,670	3,047	13,578	40%	35%	40%	40%	40%	38%
Some college	1,343	1883	1,440	2,522	1,300	8,488	31%	25%	22%	22%	17%	24%
Associate Degree	146	445	615	663	313	2,182	3%	11%	6%	6%	4%	6%
Bachelors Degree	97	657	475	1,136	512	2,877	2%	8%	10%	10%	7%	8%
Graduate or Higher	-	125	281	1,072	12	1,490	0%	5%	9%	9%	0%	4%

Total population without a high school diploma:



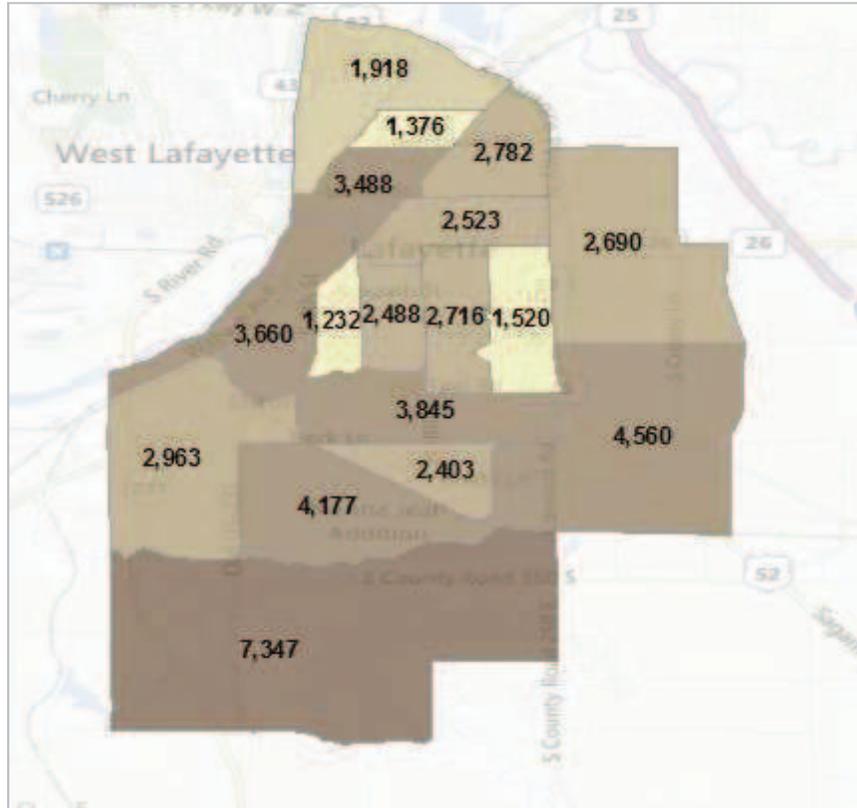
Population 18-24 without a high school diploma:



Lafayette, IN Community Profile

2010 Census Data:

Total population over 18: 51,688



(ACS 5-year estimates 05-09):

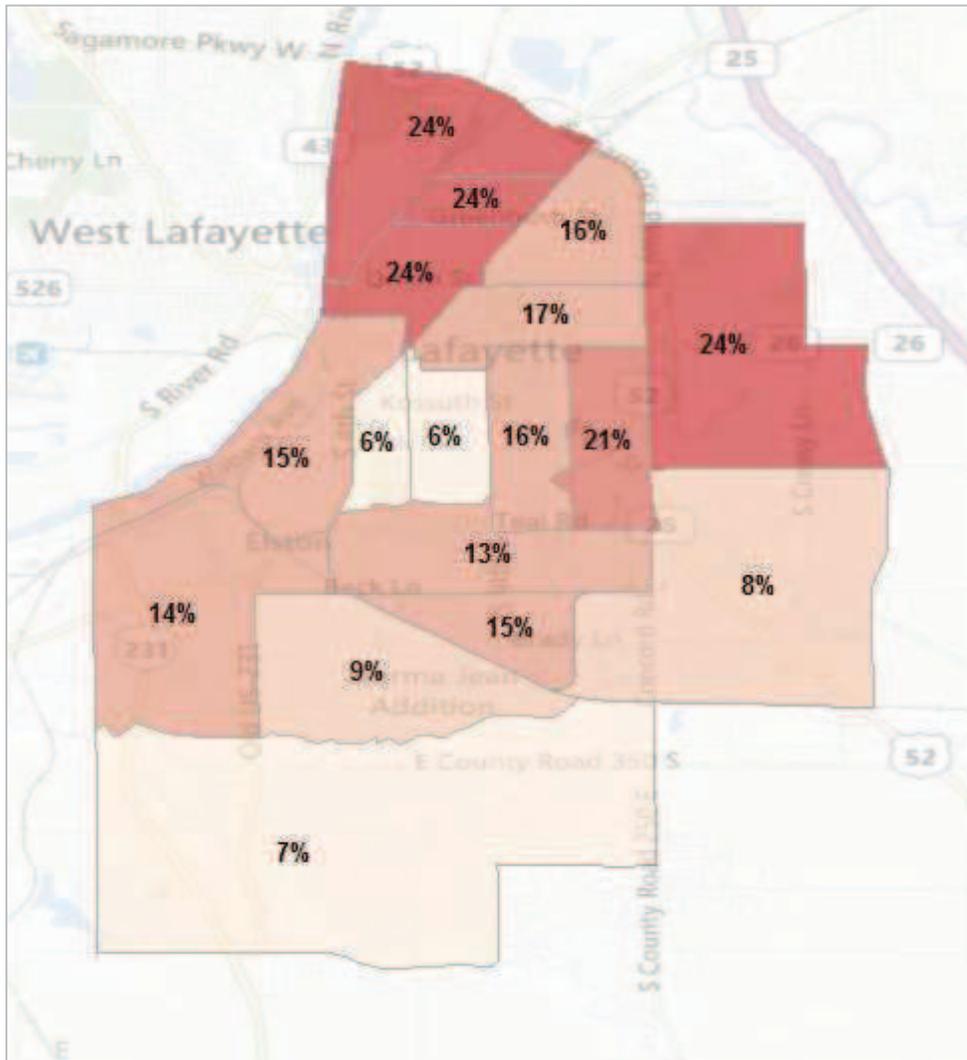
Population without a high school diploma:

Age	No.	%
18-24	1,573	17.3%
25-43	1,258	13.3%
35-44	1,148	12.9%
45-64	1,901	12.9%
65 and Over	1,275	18.3%
TOTAL	7,155	13.8%

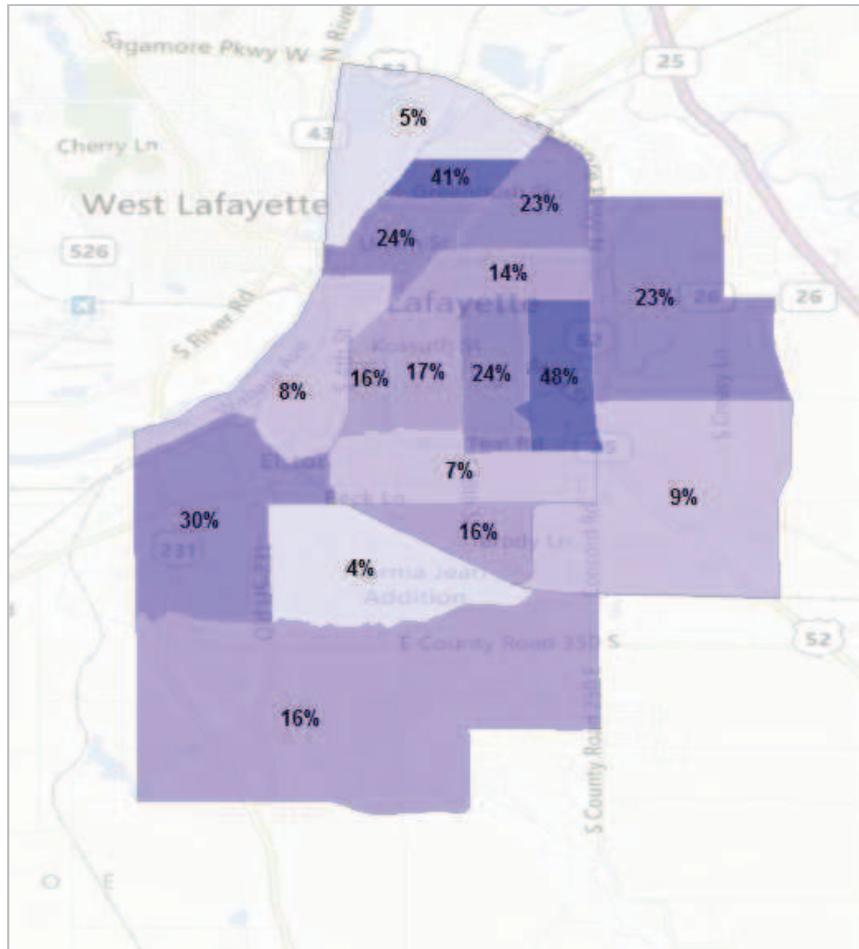
Full educational profile – Lafayette, IN

	Raw Numbers						Percents					
	18-24	25-43	35-44	45-64	65 and Over	Total	18-24	25-43	35-44	45-64	65 and Over	Total
<i>Total Population 18+ (in ACS data)</i>	9,068	12,274	8,617	14,764	6,965	51,688	100%	100%	100%	100%	100%	100%
No high school diploma	1,573	1,258	1,148	1,901	1,275	7,155	17%	13%	13%	13%	18%	14%
High school diploma	2,001	2,775	2,658	5,451	3,270	16,155	22%	31%	37%	37%	47%	31%
Some college	3,411	2,941	1,947	2,796	1,011	12,106	38%	23%	19%	19%	15%	23%
Associate Degree	359	942	711	1,115	199	3,326	4%	8%	8%	8%	3%	6%
Bachelors Degree	1,651	2,822	1,554	1,991	660	8,678	18%	18%	13%	13%	9%	17%
Graduate or Higher	73	1,536	599	1,510	17	3,735	1%	7%	10%	10%	0%	7%

Total population without a high school diploma:



Population 18-24 without a high school diploma:



Attachment 17- Start-up Plan

<u>PHASE 1: GETTING STARTED</u>	RESPONSIBLE PARTIES	TIMELINE
Select School Director Candidates	GEI + EOD	Jan 13
Hire School Director	GEI	Feb 13
Develop recruitment, marketing and outreach plan for new students.	GEI , E & M	Feb-Jun 13
Identify community liaisons	E, GEI & M	Feb 13
Write and design initial information materials (brochures, general info sheet, Q&A Sheets, etc	M & E	Mar 13
Print and distribute information/brochures	M & E	Apr 13
Design and print other marketing materials	M & E	May-Jul 13
Organize community presentations	E	Apr 13
Customize language-appropriate student applications for Anderson	P and M	May 13
Organize recruitment campaign, make phone calls	P and M	Apr-Jun 13
Answer parent phone calls, run open houses	E	Apr-Jun 13
Sign up Sheets for Parents/Students	E	May 13
Register students, interview parents	E	Apr-Aug 13
<u>INSTRUCTION & ASSESSMENT</u>		
Plan for classroom/learning environment configuration	P& F	May 13
Complete plan for Excel Center curriculum	P	Jan-Feb 13
Arrange for regular ECA testing	P	May 13
<u>FINANCIAL PLANNING</u>		
Accommodate Excel Center in existing GEI accounting, purchasing, payroll and state reporting systems	A & GEI	Jan 13
Modify five-year planning budget and business plan based on any new information from the State	A	May 13
<u>Phase II: PREPARATION FOR OPENING</u>		
<u>ORGANIZATIONAL</u>		
Revise and expand comprehensive school accountability plan, if necessary	P and COO	May 13
Develop Emergency Plan	P and COO	May 13
Develop Weather Notification Plan	P and COO	Jun 13
<u>INSTRUCTION AND ASSESSMENT</u>		
Review and amend instructional program plan	P	May 13
Review and amend curriculum/projects/units	P	Jun 13
Review and amend assessment plan	P	May 13

PLANNING FOR SPECIAL EDUCATION NEEDS		
Identify students whose applications indicated IEP's	P and GEI	Mar-Jul 13
Review and assess need for IEP's	P and GEI	Mar-Jul 13
Confer with parents regarding special education needs during registration period.	P and GEI	Mar-Aug 13
Devise plans for serving special education students	P and GEI	Mar-Aug 13
Coordinate schedule for special education students	P and GEI	Mar-Aug 13
Work with parents to develop or revise IEP's as needed.	P and GEI	Mar-Aug 13
Convey special education plans to special education teachers and other regular education teachers/advisors	P and GEI	Mar-Aug 13
Undertake complete ESL assessment	P and GEI	Mar-Aug 13
Establish framework for assignment for specific ESL programming	P and GEI	Mar-Aug 13
FACILITIES		
Arrange classrooms/instructional & work environments	F	Apr-Jun 13
Secure all inspections for fire, safety and other codes	F	Apr-Jun 13
STAFFING		
Plan recruitment strategy	P, EOD, CAO	Apr-May 13
Develop new staff selection process	P, EOD, CAO	May 13
Provide orientation for new faculty and staff	P, EOD, CAO	Jul 13
Advise staff on legal and regulatory compliance	P, EOD, CAO	Jul 13
Establish Year 1 staff development plan including para-professionals	P, CAO, BP	Jul-Aug 13
Implement immediate staff development ideas	P, CAO, BP	Aug 13
STUDENTS AND PARENTS		
Accept and review applications	P and Advisors	May-Aug 13
Monitor diversity and outreach	P	Jul 13
Conduct enrollment lottery if applications exceed space at 9th grade level	P, CAO and CEO	Aug 13
Conduct registration and assessment	P and staff	Jul-Aug 13
Publish public notice of special education services	P	May 13
Send updates to parents and prospective students on a monthly basis	P	Apr-May 13
Conduct Family/Student Orientation	P and staff	Aug 13

FINANCE AND OPERATIONS		
Review current budget development and oversight policies	A, COO and P	Apr 13
Full implementation of accounting system	A, COO and P	May 13
Oversight and decision-making of accounting system	A, COO and P	May 13
Review internal controls and fiscal policies	A, COO and P	May 13
Research and recommend auditing options	A, COO and P	May 13
Establish and maintain fiscal linkages with state	CFO	May 13
Develop long-term fiscal plans	COO and CFO	May 13

SCHOOL OPENING		
School Begins Operations	All GEI staff	Aug 13
Date of School Opening	All GEI staff	8/19/2013

Charter School Key

- A = Accounting Department (Goodwill)
- COO = Chief Operating Officer
- MD = Managing Director, Excel Centers
- EOD = Employee Organization Development (Goodwill)
- F = Facilities Management
- IT = Information Technology Dept (Goodwill)
- D = Development Department (Goodwill)
- M = Marketing Department (Goodwill)
- P = Site Director
- GEI = Goodwill Education Initiatives
- E = GEI enrollment team
- SEI = Special Education Instructor
- CFO = Chief Financial Officer



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
10/26/11

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Gregory & Appel Insurance 1402 N. Capitol Suite 400 Indianapolis, IN 46202 Andy J. Brown	317-634-7491 317-634-6629	CONTACT NAME: PHONE (A/C, No, Ext): E-MAIL ADDRESS:	FAX (A/C, No):
	INSURER(S) AFFORDING COVERAGE INSURER A : -Hanover Insurance Company		NAIC #
INSURED Goodwill Education Initiatives Daniel J Riley, Vice President 1635 West Michigan St Indianapolis, IN 46222	INSURER B :		
	INSURER C :		
	INSURER D :		
	INSURER E :		
	INSURER F :		

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Sexual Mol/Miscon GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC			Z7W5909488	07/15/11	07/15/12	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 15,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 Emp Ben. \$ 1,000,000
	A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS			ADW5788777	07/15/11	07/15/12
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 10,000			UHW5909480	07/15/11	07/15/12	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y / N <input checked="" type="checkbox"/> N / A If yes, describe under DESCRIPTION OF OPERATIONS below						<input type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	School Leaders E&O			Z7W5909488	07/15/11	07/15/12	SL E&O 1,000,000
A	Sexual Abuse			Z7W5909488	07/15/11	07/15/12	Sex Abuse 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER

CANCELLATION

INSURED For Insured's Informational Purposes	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
---	---

INDIANA CHARTER SCHOOL BOARD

General Instructions for New School Applicants

- Complete the School Enrollment Projection tab in ORANGE
 - Complete the Year 0 - Budget and Cash Flow tab in PURPLE
 - Complete ALL FIVE annual budget tabs in BLUE
 - Complete ALL FIVE staffing tabs in GREEN
 - Enter information into the WHITE cells
 - Do not enter information into the GREY cells
- NOTE: Applicants proposing to operate a network of schools should add a worksheet or attach a separate file reflecting the consolidated network's 5-Year pro-forma budget, reflecting all components - including the regional office - of the Indiana network.

School Name: The Excel Center - Kokomo						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
REVENUE						
State Revenue						
Basic Grant		\$ 886,835	\$ 1,773,669	\$ 1,773,669	\$ 1,773,669	\$ 1,773,669
Common School Loan		\$ -	\$ -	\$ -	\$ -	\$ -
Charter School Start-Up Grant		\$ 886,835				
State Matching Funds for School Lunch Program		\$ -	\$ -	\$ -	\$ -	\$ -
Professional Development		\$ -	\$ -	\$ -	\$ -	\$ -
Remediation Program		\$ -	\$ -	\$ -	\$ -	\$ -
Full-Day Kindergarten		\$ -	\$ -	\$ -	\$ -	\$ -
Gifted and Talented Program		\$ -	\$ -	\$ -	\$ -	\$ -
Textbook Reimbursement		\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Summer School		\$ -	\$ -	\$ -	\$ -	\$ -
Other State Revenue (special education)		\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Other State Revenue (WorkOne skills training)		\$ 10,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Federal Revenue						
Public Charter School Program (PCSP) Grant	\$ 135,000	\$ 150,000	\$ 150,000			
Facilities Assistance Program Grant		\$ 45,000	\$ -			
Title I		\$ -	\$ -	\$ -	\$ -	\$ -
Title II		\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Federal Lunch Program		\$ -	\$ -	\$ -	\$ -	\$ -
Federal Breakfast Reimbursement		\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue Federal sources (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue Federal sources (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue Federal sources (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenues						
Committed Philanthropic Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Before and After Care Fees		\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income		\$ -	\$ -	\$ -	\$ -	\$ -
Other (Goodwill subsidy and in-kind)	\$ 200,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 335,000	\$ 2,143,669	\$ 2,128,669	\$ 1,978,669	\$ 1,978,669	\$ 1,978,669
EXPENDITURES						
Personnel Expenses						
Wages, Benefits and Payroll Taxes	\$ 255,889	\$ 1,291,392	\$ 1,328,878	\$ 1,366,448	\$ 1,406,160	\$ 1,444,733
Substitutes		\$ -	\$ -	\$ -	\$ -	\$ -
Professional Development	\$ -	\$ 20,000	\$ 15,000	\$ 12,000	\$ 12,000	\$ 10,000
Bonuses		\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Personnel Expenses	\$ 255,889	\$ 1,311,392	\$ 1,343,878	\$ 1,378,448	\$ 1,418,160	\$ 1,454,733
Instructional Supplies and Resources						
Textbooks	\$ -	\$ 20,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Library, periodicals, etc	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Technology	\$ 3,000	\$ 40,000	\$ 15,000	\$ 5,000	\$ 5,000	\$ 5,000
Assessment materials	\$ -	\$ 15,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Computers	\$ 20,000	\$ 60,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Software	\$ 5,000	\$ 50,000	\$ 10,000	\$ 5,000	\$ 5,000	\$ 5,000
Other classroom supplies	\$ 9,000	\$ 15,000	\$ 15,300	\$ 15,606	\$ 15,918	\$ 16,236
Field trips, other unclassified items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Co-curricular & Athletics	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (postsecondary skills training)	\$ -	\$ 12,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Instructional Supplies and Resources	\$ 37,000	\$ 212,000	\$ 125,300	\$ 110,606	\$ 110,918	\$ 111,236
Support Supplies and Resources						
Administrative Computers	\$ 14,400	\$ 20,000	\$ 5,400	\$ 5,400	\$ 5,400	\$ 5,400
Administrative Software	\$ 30,000	\$ 24,000	\$ 10,000	\$ 4,000	\$ 4,000	\$ 4,000
Administration Dues, fees, misc expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office supplies	\$ -	\$ 12,000	\$ 12,240	\$ 12,485	\$ 12,735	\$ 12,990
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Support Supplies and Resources	\$ 44,400	\$ 56,000	\$ 27,640	\$ 21,885	\$ 22,135	\$ 22,390
Board Expenses						
Charter Board Services, including Board Training, retreats	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter Board Supplies & Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter Board Dues, fees, etc	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Board Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional Purchased or Contracted Services							
Legal Services	\$ 7,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Audit Services	\$ 12,000	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
Payroll Services	\$ -	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Accounting Services	\$ 5,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
Printing/Newsletter/Annual Report Services	\$ 15,000	\$ 5,000	\$ 5,125	\$ 5,253	\$ 5,384	\$ 5,519	\$ 5,519
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internet Services	\$ -	\$ 12,000	\$ 12,240	\$ 12,485	\$ 12,735	\$ 12,623	\$ 12,623
Telephone/Telecommunication Services	\$ -	\$ 5,800	\$ 5,916	\$ 6,034	\$ 6,155	\$ 6,278	\$ 6,278
Total Insurance Costs (per ICSB requirements detailed in charter school application)	\$ -	\$ 20,000	\$ 20,350	\$ 20,707	\$ 21,072	\$ 21,444	\$ 21,444
Travel	\$ -	\$ 18,000	\$ 18,360	\$ 18,727	\$ 19,102	\$ 19,484	\$ 19,484
Postage	\$ -	\$ 2,400	\$ 2,472	\$ 2,546	\$ 2,622	\$ 2,701	\$ 2,701
Special Education Services	\$ -	\$ 20,000	\$ 20,500	\$ 21,013	\$ 21,538	\$ 22,076	\$ 22,076
Student Information Services	\$ -	\$ 20,000	\$ 20,500	\$ 21,013	\$ 21,538	\$ 22,076	\$ 22,076
Food service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation	\$ -	\$ 38,000	\$ 39,140	\$ 40,314	\$ 41,523	\$ 42,769	\$ 42,769
Other - Goodwill Support (HR, IT, Marketing, Facilities)	\$ -	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Professional Purchased or Contracted Services	\$ 39,500	\$ 228,200	\$ 231,603	\$ 235,092	\$ 238,669	\$ 241,970	\$ 241,970
Facilities							
Rent, mortgage, or other facility cost	\$ -	\$ 150,000	\$ 151,500	\$ 153,015	\$ 154,545	\$ 156,091	\$ 156,091
Furniture	\$ -	\$ 80,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Gas/electric	\$ -	\$ 13,337	\$ 14,149	\$ 14,573	\$ 15,011	\$ 15,461	\$ 15,461
Water/Sewer	\$ -	\$ 3,334	\$ 3,537	\$ 3,643	\$ 3,753	\$ 3,865	\$ 3,865
Grounds Keeping	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Custodial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Waste disposal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Facilities	\$ -	\$ 246,671	\$ 189,186	\$ 191,232	\$ 193,309	\$ 195,417	\$ 195,417
Other							
Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Indiana Charter School Board Administrative Fee	\$ -	\$ 35,473	\$ 35,473	\$ 35,473	\$ 35,473	\$ 35,473	\$ 35,473
CMO/EMO Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other	\$ -	\$ 35,473	\$ 35,473	\$ 35,473	\$ 35,473	\$ 35,473	\$ 35,473
Total Expenditures	\$ 376,789	\$ 2,089,736	\$ 1,953,081	\$ 1,972,736	\$ 2,018,664	\$ 2,061,219	\$ 2,061,219
Carryover/Deficit	\$ (41,789)	\$ 53,933	\$ 175,588	\$ 5,933	\$ (39,995)	\$ (82,550)	\$ (82,550)
Cumulative Carryover/(Deficit)	\$ (41,789)	\$ 12,144	\$ 187,732	\$ 193,665	\$ 153,670	\$ 71,120	\$ 71,120

Expected New School Annual Operating Budget and Cash Flow Projections – YEAR 0 – Pre-Opening Period

	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	TOTAL 2012	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	TOTAL 2013
REVENUE															
Federal Revenue															
Public Charter School Program (PCSP) Grant (NOTE: this is a competitive grant. Funding is not guaranteed.)	-	-	-	-	-	-	-	-	-	27,000.00	27,000.00	27,000.00	27,000.00	27,000.00	135,000.00
Other Revenue Federal sources (please describe)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue Federal sources (please describe)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenues															
Committed Philanthropic Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other - Goodwill Industries	-	-	-	-	-	25,000.00	25,000.00	50,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	150,000.00
Other (please describe)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (please describe)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (please describe)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	25,000.00	25,000.00	50,000.00	25,000.00	52,000.00	52,000.00	52,000.00	52,000.00	52,000.00	285,000.00
EXPENDITURES															
Personnel Expenses															
Wages, Benefits and Payroll Taxes (TOTAL must match "Staffing Year 0")	-	-	-	-	-	-	-	-	20,350.00	20,350.00	34,657.15	43,897.15	60,177.15	76,457.15	255,888.60
Professional Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (please describe)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (please describe)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (please describe)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (please describe)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Personnel Expenses	-	-	-	-	-	-	-	-	20,350.00	20,350.00	34,657.15	43,897.15	60,177.15	76,457.15	255,888.60
Instructional Supplies and Resources															
Textbooks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Library, periodicals, etc	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technology	-	-	-	-	-	-	-	-	-	-	-	1,000.00	1,000.00	1,000.00	3,000.00
Assessment materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computers	-	-	-	-	-	-	-	-	-	-	-	7,000.00	7,000.00	6,000.00	20,000.00
Software	-	-	-	-	-	-	-	-	-	-	-	-	2,500.00	2,500.00	5,000.00
Other classroom supplies	-	-	-	-	-	-	-	-	-	-	-	-	4,500.00	4,500.00	9,000.00
Field trips, other unclassified items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co-curricular & Athletics	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (please describe)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (please describe)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (please describe)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (please describe)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Instructional Supplies and Resources	-	-	-	-	-	-	-	-	-	-	-	8,000.00	15,000.00	14,000.00	37,000.00
Support Supplies and Resources															
Administrative Computers	-	-	-	-	-	-	-	-	7,000.00	2,800.00	2,800.00	1,800.00	-	-	14,400.00
Administrative Software	-	-	-	-	-	-	-	-	10,000.00	10,000.00	10,000.00	-	-	-	30,000.00
Administration Dues, fees, misc expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (please describe)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (please describe)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (please describe)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (please describe)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Support Supplies and Resources	-	-	-	-	-	-	-	-	17,000.00	12,800.00	12,800.00	1,800.00	-	-	44,400.00
Board Expenses															
Charter Board Services, including Board Training, retreats	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charter Board Supplies & Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charter Board Dues, fees, etc	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (please describe)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (please describe)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (please describe)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (please describe)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Board Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Purchased or Contracted Services															
Legal Services	-	-	-	-	-	-	-	-	7,500.00	-	-	-	-	-	7,500.00

Expected New School Annual Operating Budget -- YEAR 1 -- Fiscal Year July 1-June 30

REVENUE	Amount	Notes
State Revenue		
Basic Grant	\$ 886,835	Be certain to reflect Indiana's ONGOING school funding formula payment lag. Note that funding for virtual charter schools differs from funding for bricks-and-mortar schools.
Common School Loan		One-half of first year's ADM funding. NOTE: <u>Only</u> virtual charter schools are eligible for Common Loan funds during Year 1.
Charter School Start-Up Grant (NOTE: this is Indiana's state-funded start-up grant and is different than the federal PCSP grant. Please contact the IDOE Office of School Finance for more information.)	\$ 886,835	One-half of first year's ADM funding. NOTE: Virtual charter schools are <u>ineligible</u> for this state-funded start-up grant.
State Matching Funds for School Lunch Program		
Professional Development		
Remediation Program		
Full-Day Kindergarten		Each full-day Kindergarten student counts as one-half of a student (0.5) for purposes of ADM funding. In addition, schools are eligible for an annual grant of \$2,400 per full-day Kindergarten student.
Gifted and Talented Program		
Textbook Reimbursement	\$ 20,000	
Summer School		
Other State Revenue (please describe)	\$ 50,000	Special Education
Other State Revenue (please describe)	\$ 10,000	Region 5 Workone Job Skills Training
Federal Revenue		
Public Charter School Program (PCSP) Grant	\$ 150,000	NOTE: This is a competitive grant for planning & implementation. Funding is not guaranteed.
Charter School Facilities Assistance Program Grant	\$ 45,000	
Title I		Insufficient numbers to meet minimum Title I require
Title II	\$ 20,000	Used for staff professional development
Federal Lunch Program		
Federal Breakfast Reimbursement		
Other Revenue Federal sources (please describe)		
Other Revenue Federal sources (please describe)		
Other Revenue Federal sources (please describe)		
Other Revenues		
Committed Philanthropic Donations		
Before and After Care Fees		
Interest Income		
Other (Goodwill)	\$ 75,000	Operational subsidy and in-kind services from Goodwill
Other (please describe)		
Other (please describe)		
Other (please describe)		
Total Revenue	\$ 2,143,669	
EXPENDITURES		
Personnel Expenses		
Wages, Benefits and Payroll Taxes	\$ 1,291,392	Use staffing workbook
Substitutes		
Professional Development	\$ 20,000	
Bonuses		
Other (please describe)		
Other (please describe)		
Other (please describe)		

Other (please describe)		
Other (please describe)		
Total Personnel Expenses	\$ 1,311,392	
Instructional Supplies and Resources		
Textbooks	\$ 20,000	Initial purchase of textbooks (print + online)
Library, periodicals, etc	\$ -	
Technology	\$ 40,000	Smart boards, projectors, media equipment
Assessment materials	\$ 15,000	TABE + COMPASS Exam Resources
Computers	\$ 60,000	Desktop computers for classroom use
Software	\$ 50,000	Includes instructional software + office software
Other classroom supplies	\$ 15,000	Binders, other instructional materials in class
Field trips, other unclassified items	\$ -	
Co-curricular & Athletics	\$ -	
Other (College expenses for postsecondary courses)	\$ 12,000	Supports students enrolling in dual-credit courses
Other (please describe)		
Total Instructional Supplies and Resources	\$ 212,000	
Support Supplies and Resources		
Administrative Computers	\$ 20,000	Computers for rest of Excel Center staff (other than year 0)
Administrative Software	\$ 24,000	Software for new computer purchases; expired licenses
Administration Dues, fees, misc expenses	\$ -	None
Office supplies	\$ 12,000	
Other (please describe)		
Total Support Supplies and Resources	\$ 56,000	
Board Expenses		
Charter Board Services, including Board Training, retreats		
Charter Board Supplies & Equipment		
Charter Board Dues, fees, etc		
Other (please describe)		
Total Board Expenses	\$ -	
Professional Purchased or Contracted Services		
Legal Services	\$ 2,500	
Audit Services	\$ 7,500	
Payroll Services	\$ 5,000	
Accounting Services	\$ 12,000	Services provided by Bookkeeping Plus
Printing/Newsletter/Annual Report Services	\$ 5,000	
Consultants		No consultants after year 1
Internet Services	\$ 12,000	
Telephone/Telecommunication Services	\$ 5,800	
Total Insurance Costs (per ICSB requirements detailed in charter school application)	\$ 20,000	

Travel	\$ 18,000	In-town visits and traveling to Indianapolis; travel for conferences
Postage	\$ 2,400	
Special Education Services	\$ 20,000	Special Education Testing; expenses for specialists
Student Information Services	\$ 20,000	Utilization of GEI data system
Food service	\$ -	
Transportation	\$ 38,000	Bus passes for students in need of transportation
Other - Goodwill Support (HR, IT, Marketing, Facilities)	\$ 60,000	
Other (please describe)		
Total Professional Purchased or Contracted Services	\$ 228,200	
Facilities		
Rent, mortgage, or other facility cost	\$ 150,000	\$10 per square foot for 15,000K sq ft
Furniture	\$ 80,000	Costs for chairs, tables, furniture
Gas/electric	\$ 13,337	Utility costs responsibility of GEI
Water/ Sewer	\$ 3,334	Utility costs responsibility of GEI
Grounds Keeping		Cost in lease of facility
Maintenance Services		Cost in lease
Custodial		Cost in lease
Waste disposal		Cost in lease
Other (please describe)		
Total Facilities	\$ 246,671	
Other		
Contingency		
Indiana Charter School Board Administrative Fee	\$ 35,473	Assume 2% of Basic Grant (Row 6)
CMO/EMO Fee	\$ -	Be certain to reflect the full amount of any fee, including the management fee and any pass-through fees. If pass-through fees are reflected elsewhere in the budget, please clearly indicate this in the Budget Narrative.
Other (please describe)		
Total Other	\$ 35,473	
Total Expenditures	\$ 2,089,736	
Carryover/Deficit	\$ 53,933	

Cumulative Carryover/(Deficit)

Expected New School Annual Operating Budget -- YEAR 2 -- Fiscal Year July 1-June 30

REVENUE	Amount	Notes
State Revenue		
Basic Grant	\$ 1,773,669	ADM estimate held to Year 1 levels; school enrollment stays level
Common School Loan		
State Matching Funds for School Lunch Program		
Professional Development		
Remediation Program		
Full-Day Kindergarten		Each full-day Kindergarten student counts as one-half of a student (0.5) for purposes of ADM funding. In addition, schools are eligible for an annual grant of \$2,400 per full-day Kindergarten student.
Gifted and Talented Program		
Textbook Reimbursement	\$ 20,000	
Summer School		
Other State Revenue (please describe)	\$ 50,000	Special Education
Other State Revenue (please describe)	\$ 40,000	Increase in Year 2 reflection of increased postsecondary enrollment as students progress
Federal Revenue		
Public Charter School Program (PCSP) Grant	\$ 150,000	NOTE: This is a competitive grant for planning & implementation. Funding is not guaranteed.
Charter School Facilities Assistance Program Grant	\$ -	
Title I		
Title II	\$ 20,000	Used for staff professional development
Federal Lunch Program		
Federal Breakfast Reimbursement		
Other Revenue Federal sources (please describe)		
Other Revenue Federal sources (please describe)		
Other Revenue Federal sources (please describe)		
Other Revenues		
Committed Philanthropic Donations		
Before and After Care Fees		
Interest Income		
Other (Goodwill)	\$ 75,000	Operational subsidy and in-kind services from Goodwill
Other (please describe)		
Other (please describe)		
Other (please describe)		
Total Revenue	\$ 2,128,669	
EXPENDITURES		
Personnel Expenses		
Wages, Benefits and Payroll Taxes	\$ 1,328,878	Use staffing workbook
Substitutes		
Professional Development	\$ 15,000	
Bonuses		
Other (please describe)		
Total Personnel Expenses	\$ 1,343,878	
Instructional Supplies and Resources		
Textbooks	\$ 15,000	Expenses for textbooks halved from Year 1

Library, periodicals, etc	\$	-	
Technology	\$	15,000	Technology expenses reduced to cover maintenance
Assessment materials	\$	20,000	TABE and COMPASS exams (increased over Year 1 for increased COMPASS fees)
Computers	\$	10,000	Comptuer maintenance
Software	\$	10,000	Software maintenance and ongoing licenses
Other classroom supplies	\$	15,300	
Field trips, other unclassified items	\$	-	
Co-curricular & Athletics	\$	-	
Other - postsecondary education for college	\$	40,000	Increase in year 2
Other (please describe)			
Total Instructional Supplies and Resources	\$	125,300	
Support Supplies and Resources			
Administrative Computers	\$	5,400	Maintenance for computers
Administrative Software	\$	10,000	Software licenses for admin functions
Administration Dues, fees, misc expenses	\$	-	
Office supplies	\$	12,240	
Other (please describe)			
Total Support Supplies and Resources	\$	27,640	
Board Expenses			
Charter Board Services, including Board Training, retreats			
Charter Board Supplies & Equipment			
Charter Board Dues, fees, etc			
Other (please describe)			
Total Board Expenses	\$	-	
Professional Purchased or Contracted Services			
Legal Services	\$	2,500	
Audit Services	\$	7,500	
Payroll Services	\$	5,000	
Accounting Services	\$	12,000	Bookkeeping Plus
Printing/Newsletter/Annual Report Services	\$	5,125	
Consultants			None
Internet Services	\$	12,240	
Telephone/Telecommunication Services	\$	5,916	
Total Insurance Costs (per ICSB requirements detailed in charter school application)	\$	20,350	
Travel	\$	18,360	In-town visits and traveling to Indianapolis, Conferences for travel
Postage	\$	2,472	
Special Education Services	\$	20,500	Special Education Testing (will not include SPED staff). Psychologist, specialist visits
Student Information Services	\$	20,500	Data System
Food service	\$	-	
Transportation	\$	39,140	Bus pass for students that need it
Other - Goodwill Support (HR, IT, Marketing, Facilities)	\$	60,000	

Other (please describe)		
Total Professional Purchased or Contracted Services	\$ 231,603	
Facilities		
Rent, mortgage, or other facility cost	\$ 151,500	\$10 per square foot for 15,000K sq ft
Furniture	\$ 20,000	
Gas/electric	\$ 14,149	80% of utility costs from Mayor budget
Water/ Sewer	\$ 3,537	20% of utility costs from Mayor budget
Grounds Keeping		Cost in lease
Maintenance Services		Cost in lease
Custodial		Cost in lease
Waste disposal		Cost in lease
Other (please describe)		
Total Facilities	\$ 189,186	
Other		
Contingency		
Indiana Charter School Board Administrative Fee	\$ 35,473	Assume 2% of Basic Grant (Row 6)
		Be certain to reflect the full amount of any fee, including the management fee and any pass-through fees. If pass-through fees are reflected elsewhere in the budget, please clearly indicate this in the Budget Narrative.
CMO/EMO Fee		
Other (please describe)		
Total Other	\$ 35,473	
Total Expenditures	\$ 1,953,081	
Carryover/Deficit	\$ 175,588	

Cumulative Carryover/(Deficit)

Expected New School Annual Operating Budget -- YEAR 3 -- Fiscal Year July 1-June 30		
REVENUE	Amount	Notes
State Revenue		
Basic Grant	\$ 1,773,669	ADM estimate held to Year 1 levels
Common School Loan		
State Matching Funds for School Lunch Program		
Professional Development		
Remediation Program		
		Each full-day kindergarten student counts as one-half of a student (0.5) for purposes of ADM funding. In addition, schools are eligible for an annual grant of \$2,400 per full-day kindergarten student.
Full-Day Kindergarten		
Gifted and Talented Program		
Textbook Reimbursement	\$ 20,000	
Summer School		
Other State Revenue (please describe)	\$ 50,000	
Other State Revenue (please describe)	\$ 40,000	
Federal Revenue		
Title I		
Title II	\$ 20,000	Revenues used for professional development
Federal Lunch Program		
Federal Breakfast Reimbursement		
Other Revenue Federal sources (please describe)		
Other Revenue Federal sources (please describe)		
Other Revenue Federal sources (please describe)		
Other Revenues		
Committed Philanthropic Donations		
Before and After Care Fees		
Interest Income		
Goodwill	\$ 75,000	
Other (please describe)		
Other (please describe)		
Other (please describe)		
Total Revenue	\$ 1,978,669	
EXPENDITURES		
Personnel Expenses		
Wages, Benefits and Payroll Taxes	\$ 1,366,448	Use staffing workbook
Substitutes		
Professional Development	\$ 12,000	
Bonuses		
Other (please describe)		
Total Personnel Expenses	\$ 1,378,448	
Instructional Supplies and Resources		
Textbooks	\$ 15,000	
Library, periodicals, etc	\$ -	
Technology	\$ 5,000	
Assessment materials	\$ 20,000	TABE, Compass Exams
Computers	\$ 10,000	
Software	\$ 5,000	
Other classroom supplies	\$ 13,606	
Field trips, other unclassified items	\$ -	
Co-curricular & Athletics	\$ -	

Other - postsecondary education for college	\$	40,000	
Other (please describe)			
Total Instructional Supplies and Resources	\$	110,606	
Support Supplies and Resources			
Administrative Computers	\$	5,400	
Administrative Software	\$	4,000	
Administration Dues, fees, misc expenses			
Office supplies	\$	12,485	
Other (please describe)			
Total Support Supplies and Resources	\$	21,885	
Board Expenses			
Charter Board Services, including Board Training, retreats			
Charter Board Supplies & Equipment			
Charter Board Dues, fees, etc			
Other (please describe)			
Total Board Expenses	\$	-	
Professional Purchased or Contracted Services			
Legal Services	\$	2,500	
Audit Services	\$	7,500	
Payroll Services	\$	5,000	
Accounting Services	\$	12,000	Bookkeeping Plus
Printing/Newsletter/Annual Report Services	\$	5,253	
Consultants			None
Internet Services	\$	12,485	
Telephone/Telecommunication Services	\$	6,034	
Total Insurance Costs (per ICSB requirements detailed in charter school application)	\$	20,707	
Travel	\$	18,727	In-town visits and traveling to Indianapolis, conferences for travel
Postage	\$	2,546	
Special Education Services	\$	21,013	Special Education Testing (will not include SPED staff), Psychologist, specialist visits
Student Information Services	\$	21,013	Data System
Food service	\$	-	
Transportation	\$	40,314	Bus pass for students that need it
Other - Goodwill Support (HR, IT, Marketing, Facilities)	\$	60,000	
Other (please describe)			
Total Professional Purchased or Contracted Services	\$	235,092	
Facilities			
Rent, mortgage, or other facility cost	\$	153,015	\$10 per square foot for 15,000K sq ft
Furniture	\$	20,000	
Gas/electric	\$	14,573	80% of utility costs from Mayor budget

Water/ Sewer	\$	3,643	20% of utility costs from Mayor budget
Grounds Keeping			Cost in Lease
Maintenance Services			Cost in Lease
Custodial			Cost in Lease
Waste disposal			Cost in Lease
Other (please describe)			
Total Facilities	\$	191,232	
Other			
Contingency			
Indiana Charter School Board Administrative Fee	\$	35,473	Assume 2% of Basic Grant (Row 6) Be certain to reflect the full amount of any fee, including the management fee and any pass-through fees. If pass-through fees are reflected elsewhere in the budget, please clearly indicate this in the Budget Narrative.
CMO/EMO Fee			
Other (please describe)			
Total Other	\$	35,473	
Total Expenditures	\$	1,972,736	
Carryover/Deficit	\$	5,933	

Cumulative Carryover/(Deficit)

Expected New School Annual Operating Budget -- YEAR 4 -- Fiscal Year July 1-June 30		
REVENUE	Amount	Notes
State Revenue		
Basic Grant	\$ 1,773,669	Be certain to reflect Indiana's ONGOING school funding formula payment lag
Common School Loan		
State Matching Funds for School Lunch Program		
Professional Development		
Remediation Program		Each full-day Kindergarten student counts as one-half of a student (0.5) for purposes of ADM funding. In addition, schools are eligible for an annual grant of \$2,400 per full-day Kindergarten student.
Full-Day Kindergarten		
Gifted and Talented Program		
Textbook Reimbursement	\$ 20,000	
Summer School		
Other State Revenue (please describe)	\$ 50,000	
Other State Revenue (please describe)	\$ 40,000	
Federal Revenue		
Title I		
Title II	\$ 20,000	
Federal Lunch Program		
Federal Breakfast Reimbursement		
Other Revenue Federal sources (please describe)		
Other Revenue Federal sources (please describe)		
Other Revenue Federal sources (please describe)		
Other Revenues		
Committed Philanthropic Donations		
Before and After Care Fees		
Interest Income		
Other (please describe)	\$ 75,000	
Other (please describe)		
Other (please describe)		
Total Revenue	\$ 1,978,669	
EXPENDITURES		
Personnel Expenses		
Wages, Benefits and Payroll Taxes	\$ 1,406,160	Use staffing workbook
Substitutes		
Professional Development	\$ 12,000	
Bonuses		
Other (please describe)		
Total Personnel Expenses	\$ 1,418,160	
Instructional Supplies and Resources		
Textbooks	\$ 15,000	
Library, periodicals, etc	\$ -	
Technology	\$ 5,000	
Assessment materials	\$ 20,000	
Computers	\$ 10,000	
Software	\$ 5,000	
Other classroom supplies	\$ 15,918	
Field trips, other unclassified items	\$ -	

Co-curricular & Athletics	\$	-	
Other - postsecondary education for college	\$	40,000	
Other (please describe)			
Total Instructional Supplies and Resources	\$	110,918	
Support Supplies and Resources			
Administrative Computers	\$	5,400	
Administrative Software	\$	4,000	
Administration Dues, fees, misc expenses			
Office supplies	\$	12,735	
Other (please describe)			
Total Support Supplies and Resources	\$	22,135	
Board Expenses			
Charter Board Services, including Board Training, retreats			
Charter Board Supplies & Equipment			
Charter Board Dues, fees, etc			
Other (please describe)			
Total Board Expenses	\$	-	
Professional Purchased or Contracted Services			
Legal Services	\$	2,500	
Audit Services	\$	7,500	
Payroll Services	\$	5,000	
Accounting Services	\$	12,000	
Printing/Newsletter/Annual Report Services	\$	5,384	
Consultants			
Internet Services	\$	12,735	
Telephone/Telecommunication Services	\$	6,155	
Total Insurance Costs (per IC SB requirements detailed in charter school application)	\$	21,072	
Travel	\$	19,102	In-town visits and traveling to Indianapolis, Conferences for travel
Postage	\$	2,622	
Special Education Services	\$	21,538	Special Education Testing (will not include SPED staff), Psychologist, specialist visits
Student Information Services	\$	21,538	Data System
Food service	\$	-	
Transportation	\$	41,523	Bus pass for students that need it
Other (please describe)	\$	60,000	
Other (please describe)			
Total Professional Purchased or Contracted Services	\$	238,669	
Facilities			
Rent, mortgage, or other facility cost	\$	154,545	\$10 per square foot for 15,000K sq ft
Furniture	\$	20,000	

Gas/electric	\$	15,011	80% of utility costs from Mayor budget
Water/ Sewer	\$	3,753	20% of utility costs from Mayor budget
Grounds Keeping			Cost in lease
Maintenance Services			Cost in lease
Custodial			Cost in lease
Waste disposal			Cost in lease
Other (please describe)			
Total Facilities	\$	193,309	
Other			
Contingency			
Indiana Charter School Board Administrative Fee	\$	35,473	Assume 2% of Basic Grant (Row 6) Be certain to reflect the full amount of any fee, including the management fee and any pass- through fees. If pass-through fees are reflected elsewhere in the budget, please clearly indicate this in the Budget Narrative.
CMO/EMO Fee			
Other (please describe)			
Total Other	\$	35,473	
Total Expenditures	\$	2,018,664	
Carryover/Deficit	\$	(39,995)	

Cumulative Carryover/(Deficit)

Expected New School Annual Operating Budget -- YEAR 5 -- Fiscal Year July 1-June 30		
REVENUE	Amount	Notes
State Revenue		
Basic Grant	\$ 1,773,669	Be certain to reflect Indiana's ONGOING school funding formula payment lag
Common School Loan		
State Matching Funds for School Lunch Program		
Professional Development		
Remediation Program		Each full-day Kindergarten student counts as one-half of a student (0.5) for purposes of ADM funding. In addition, schools are eligible for an annual grant of \$2,400 per full-day Kindergarten student.
Full-Day Kindergarten		
Gifted and Talented Program		
Textbook Reimbursement	\$ 20,000	
Summer School		
Other State Revenue (please describe)	\$ 50,000	
Other State Revenue (please describe)	\$ 40,000	
Federal Revenue		
Title I		
Title II	\$ 20,000	
Federal Lunch Program		
Federal Breakfast Reimbursement		
Other Revenue Federal sources (please describe)		
Other Revenue Federal sources (please describe)		
Other Revenue Federal sources (please describe)		
Other Revenues		
Committed Philanthropic Donations		
Before and After Care Fees		
Interest Income		
Other (please describe)	\$ 75,000	
Other (please describe)		
Other (please describe)		
Total Revenue	\$ 1,978,669	
EXPENDITURES		
Personnel Expenses		
Wages, Benefits and Payroll Taxes	\$ 1,444,733	Use staffing workbook
Substitutes		
Professional Development	\$ 10,000	
Bonuses		
Other (please describe)		
Total Personnel Expenses	\$ 1,454,733	
Instructional Supplies and Resources		
Textbooks	\$ 15,000	
Library, periodicals, etc	\$ -	
Technology	\$ 5,000	
Assessment materials	\$ 20,000	
Computers	\$ 10,000	
Software	\$ 5,000	
Other classroom supplies	\$ 16,236	
Field trips, other unclassified items	\$ -	

Co-curricular & Athletics	\$	-	
Other - postsecondary education for college	\$	40,000	
Other (please describe)			
Total Instructional Supplies and Resources	\$	111,236	
Support Supplies and Resources			
Administrative Computers	\$	5,400	
Administrative Software	\$	4,000	
Administration Dues, fees, misc expenses			
Office supplies	\$	12,990	
Other (please describe)			
Total Support Supplies and Resources	\$	22,390	
Board Expenses			
Charter Board Services, including Board Training, retreats			
Charter Board Supplies & Equipment			
Charter Board Dues, fees, etc			
Other (please describe)			
Total Board Expenses	\$	-	
Professional Purchased or Contracted Services			
Legal Services	\$	2,500	
Audit Services	\$	7,500	
Payroll Services	\$	5,000	
Accounting Services	\$	12,000	
Printing/Newsletter/Annual Report Services	\$	5,519	
Consultants			
Internet Services	\$	12,623	
Telephone/Telecommunication Services	\$	6,278	
Total Insurance Costs (per IC SB requirements detailed in charter school application)	\$	21,444	
Travel	\$	19,484	In-town visits and traveling to Indianapolis, Conferences for travel
Postage	\$	2,701	
Special Education Services	\$	22,076	Special Education Testing (will not include SPED staff), Psychologist, specialist visits
Student Information Services	\$	22,076	Data System
Food service	\$	-	
Transportation	\$	42,769	Bus pass for students that need it
Other - Goodwill Support (HR, IT, Marketing, Facilities)	\$	60,000	
Other (please describe)			
Total Professional Purchased or Contracted Services	\$	241,970	
Facilities			
Rent, mortgage, or other facility cost	\$	156,091	\$10 per square foot for 15,000K sq ft
Furniture	\$	20,000	

Gas/electric	\$	15,461	80% of utility costs from Mayor budget
Water/ Sewer	\$	3,865	20% of utility costs from Mayor budget
Grounds Keeping			Cost in lease
Maintenance Services			Cost in lease
Custodial			Cost in lease
Waste disposal			Cost in lease
Other (please describe)			
Total Facilities	\$	195,417	
Other			
Contingency			
Indiana Charter School Board Administrative Fee	\$	35,473	Assume 2% of Basic Grant (Row 6) Be certain to reflect the full amount of any fee, including the management fee and any pass- through fees. If pass-through fees are reflected elsewhere in the budget, please clearly indicate this in the Budget Narrative.
CMO/EMO Fee			
Other (please describe)			
Total Other	\$	35,473	
Total Expenditures	\$	2,061,219	
Carryover/Deficit	\$	(82,550)	

Cumulative Carryover/(Deficit)

Attachment 20 – Budget Narrative

Revenue Assumptions

The Excel Center will open Year 1 with a capacity of 300 students. Student enrollment will not change in future years.

State Revenue

Basic Grant: Basic grant estimate made based upon the 2010-2011 ADM funding for the Kokomo Community School Corporation. KCS’ per-pupil revenue amount of \$5,912.23 is assumed as the base amount of funding for 300 students in the Anderson location. In future years, this ADM amount is held constant to ensure that revenue estimates remain conservative.

Charter School Facilities Assistance Program: Excel Center will apply for the Facilities Assistance Program. These funds will be used for maintaining and covering first semester costs for the use of the Robinson school building. Estimated grant amount is \$30,000 during year 1, with no anticipated revenue in year 2 in order to keep projections conservative.

Lunch Revenue: The Excel Center does not plan to participate in the federal school lunch program.

Textbook Reimbursement: The Excel Center will receive roughly \$20,000 in textbook reimbursement revenue each year.

Other Revenue – Special Education: State revenue for the Excel Center’s special education fund estimated at \$50,000.

Other Revenue – Workforce Training: The Excel Center allows for individuals to enroll in training programs and is eligible to receive Job Skills Training via the Region 5 Workforce Investment Board. The revenue from this program is spent exclusively on funds for college training (under Support Supplies and Resources). The low amount in Year 1 reflects the fact that fewer students will be college-ready to take advantage of these courses until the school has been in operation more than one year.

Federal Revenue

Title I: The Excel Center will not apply for Title I funds.

Title II: The Excel Center will apply for professional development assistance via Title II. Estimated costs are for \$20,000 each year.

Other – Federal Charter School Start-Up: The average award given by IDOE for the planning phase is \$135,000, and the two-year implementation phase average is \$150,000.

Other Revenues

Other Revenue: This represents in-kind support services from Goodwill Industries of Central Indiana, Inc. The blended average for IT, Human Resources, Marketing and Accounting is estimated at \$75,000 per year. This cost is offset by the Goodwill Support revenue line item.

Expenditures

Personnel Expenses

Wages, Benefits, and Payroll Taxes: Wages are displayed for each of the positions included in the Excel Center. Benefits for wages and payroll taxes are calculated at 32% of salary (and includes spending on professional development). 3% increases for all staff positions are budgeted in each future year. Wages in Year 0 only account for the months' work before the school year starts July 1.

Professional Development: Includes ongoing education at local conferences and trainings, tuition reimbursement for college classes taken by staff, and for curriculum development. The current assumption includes \$1,000 for each staff person in the school.

Instructional Supplies and Resources

Textbooks: Projects \$20,000 for textbooks (both print and online materials) in Year 1; future years this amount is halved for the purchase of new materials.

Library, Periodicals, etc: The Excel Center will not operate a library.

Technology: Technology expenses include smart boards for classrooms, projectors and other media equipment.

Assessment Materials: Costs include administrative fees for administering TABE and COMPASS tests for students. Costs increase in Year 2 to indicate that Year 1 COMPASS testing will be below future years.

Computers: Projects costs for roughly 60 computers to be used in the Excel Center.

Software: Software includes installed office software as well as instructional software accessible via the Web.

Other Classroom Supplies: Costs include binders, printing expenses and other materials used for classroom instruction.

Postsecondary Education: Costs for students to attend Ivy Tech Community College to enroll in dual credit courses.

Support Supplies and Resources

Administrative Computers: Year 0 costs include computers for select staff. Year 1 costs include computer expenses for the balance of the staff.

Administrative Software: Software grows in accordance with the number of new computers being purchased.

Office Supplies: Includes \$25,000 for student recruitment, administration and reporting functions.

Board Expenses

Board expenses for training, developing, and supplies are all covered in-kind from Goodwill Industries.

Professional Purchased or Contracted Services

Legal: This includes review of the application and incorporation of the new Excel Center into the existing GEI structure.

Payroll Services: Costs currently experienced by the Excel Center sites for Bookkeeping Plus. This line item also includes GEI's accounting services.

Insurance: Includes all required coverage. This is based on current costs for the Indianapolis Met from Gregory and Appel, Inc. Includes expenses for other forms of insurance coverage.

Printing/Newsletter/Annual Report Services: Will be provided in-kind from Goodwill; estimate includes costs for materials and services.

Internet Services and Telephone/Telecommunication Services: Costs for internet and telephone usage calculated based upon current usage at other Excel Center sites.

Insurance Costs: Costs accrued for adding the Excel Center – Anderson site to the current liability coverage of Goodwill Education Initiatives, Inc. Liability and Workers’ Compensation costs also included with these costs.

Travel: Travel allows staff to visit GEI headquarters in Indianapolis and to attend conferences out-of-state.

Postage: Postage rate based on current Excel Center postage usage.

Special Education Services: Costs incurred include testing and special services required to meet the instructional plans of special education students. This line item does not include staff expense.

Transportation: Assumes 50 percent of student body receives a CATS bus pass an average of 10 months per year (estimated annual cost of \$240).

Goodwill Support Services: In-kind itemization of Goodwill Industries’ HR, IT, and Marketing costs for the school.

Facilities Expense

Facility: Rent estimate is based on \$10 per square foot, which includes security, janitorial and maintenance. Total square feet of the facility is 15,000, making a yearly rent payment of \$150,000. Costs for grounds keeping, maintenance, waste disposal and custodial are all expenses factored into the lease agreement.

Lease arrangement ensures that capital expenses are not necessary. Building maintenance and major repairs to the building are the responsibility of the Anderson Impact Center.

Furniture: Upfront investment for tables, desks and chairs, with on-going replacement costs and growth.

Utilities: This cost is based on actual numbers assessed to current occupants of the building and will be carried on by the school.

Other Costs:

Indiana Charter School Board Administrative Fee: Fee is set at 2% of Basic Grant funds.

Contingency Plans:

In the event that revenues are not received or are lower than the estimated budget, the Excel Center will use the following strategies:

- Increase student enrollment. There is sufficient demand in each community for more students to be enrolled in the school. The Excel Center can maintain a small-school environment even if another 50 students are added in future years.
- Delay the timeframe of hiring staff. Establishing the school can be done with fewer staff. In this case, the Excel Center may delay its opening from August to September to accommodate the delay in staff hiring.
- Seek additional private funds from supporters, whether through financial donations or through in-kind contributions of materials and supplies used by the school.
- Cut back on staff levels. Although coaches generally benefit from a caseload of 60 students or less, the coach position may be reduced to address funding gaps.
- Rely on Goodwill support to get through short-term funding gaps or delays in revenue collections.

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Other Revenue: This represents in-kind support services from Goodwill Industries of Central Indiana, Inc. The blended average for IT, Human Resources, Marketing and Accounting is estimated at \$75,000 per year. This cost is offset by the Goodwill Support revenue line item.

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Payroll Services: Costs currently experienced by the Excel Center sites for Bookkeeping Plus. This line item also includes GEI's accounting services.

Insurance: Includes all required coverage. This is based on current costs for the Indianapolis Met from Gregory and Appel, Inc. Includes expenses for other forms of insurance coverage.

Printing/Newsletter/Annual Report Services: Will be provided in-kind from Goodwill; estimate includes costs for materials and services.

Internet Services and Telephone/Telecommunication Services: Costs for internet and telephone usage calculated based upon current usage at other Excel Center sites.

Insurance Costs: Costs accrued for adding the Excel Center – Anderson site to the current liability coverage of Goodwill Education Initiatives, Inc. Liability and Workers' Compensation costs also included with these costs.

Travel: Travel allows staff to visit GEI headquarters in Indianapolis and to attend conferences out-of-state.

Postage: Postage rate based on current Excel Center postage usage.

Special Education Services: Costs incurred include testing and special services required to meet the instructional plans of special education students. This line item does not include staff expense.

Transportation: Assumes 50 percent of student body receives a CATS bus pass an average of 10 months per year (estimated annual cost of \$240).

Goodwill Support Services: In-kind itemization of Goodwill Industries' HR, IT, and Marketing costs for the school.

Facilities Expense

Facility: Rent estimate is based on \$10 per square foot, which includes security, janitorial and maintenance. Total square feet of the facility is 15,000, making a yearly rent payment of \$150,000. Costs for grounds keeping, maintenance, waste disposal and custodial are all expenses factored into the lease agreement.

Lease arrangement ensures that capital expenses are not necessary. Building maintenance and major repairs to the building are the responsibility of the Anderson Impact Center.

Furniture: Upfront investment for tables, desks and chairs, with on-going replacement costs and growth.

Utilities: This cost is based on actual numbers assessed to current occupants of the building and will be carried on by the school.

Other Costs:

Indiana Charter School Board Administrative Fee: Fee is set at 2% of Basic Grant funds.

Contingency Plans:

In the event that revenues are not received or are lower than the estimated budget, the Excel Center will use the following strategies:

- Delay the timeframe of hiring staff. Establishing the school can be done with fewer staff. In this case, the Excel Center may delay its opening from August to September to accommodate the delay in staff hiring.

- Seek additional private funds from supporters, whether through financial donations or through in-kind contributions of materials and supplies used by the school.
- Cut back on staff levels. Although coaches generally benefit from a caseload of 60 students or less, the coach position may be reduced to address funding gaps.
- Rely on Goodwill support to get through short-term funding gaps or delays in revenue collections.

Attachment 21 – Portfolio Summary

The Indianapolis Metropolitan High School

- Opened: 2004
- Located: Indianapolis, Indiana
- Superintendent: Mr. Scott Bess
 - Address: 1635 W. Michigan St., Indianapolis, IN 46222
 - Phone: (317) 524-4501
 - Fax: (317) 524-4002
- Number of students: 428, serving grades 9-12
- Free / Reduced Lunch Status
 - Free: 74.4%
 - Reduced: 11.2%
 - Total Free/Reduced: 85.3%
- Race / Ethnicity
 - American Indian: 0.5%
 - Black: 72.9%
 - Asian: 0.0%
 - Hispanic: 2.8%
 - White: 17.1%
 - Multiracial: 6.8%
- Special Education
 - 24.5%
- English Language Learner Status
 - 0.9%
- Authorizer Contact: **Mayor of Indianapolis**

Office of Education Innovation
2501 City County Building
200 E. Washington Street
Indianapolis IN 46201
Phone: [317-327-3618](tel:317-327-3618)
Fax: 317-327-5271

Performance Record of the Indianapolis Met

		2008	2009	2010	2011	2012
	<u>Accountability Grade</u>	D	<i>no grades given</i>	F	C	N/A
% of First Time Test-Taker to Pass	<u>English 10 ECA</u>	<i>no results</i>	<i>no results</i>	36.7%	40.3%	32.6%
	<u>Algebra I ECA</u>	<i>no results</i>	<i>no results</i>	2.9%	52.9%	45.9%
% of 10th Grade Cohort to Pass	<u>English 10 ECA</u>	<i>no results</i>	<i>no results</i>	36.0%	58.1%	36.0%
	<u>Algebra I ECA</u>	<i>no results</i>	<i>no results</i>	19.6%	58.3%	71.2%
	<u>Grad Rate</u>	57.6%	63.5%	61.4%	45.5%	65.6%**
	<u>% of Graduates to take a College & Career Readiness Course</u>	<i>no results</i>	<i>no results</i>	<i>no results</i>	19%	63%

Notes:

* our estimates currently place the Indy Met at a 'D' under the new metrics

** the 2012 graduation and college & career readiness rates are not final yet and the Indy Met still has time to improve them

College & Career Readiness is the percentage of graduates that pass an AP or IB exam, pass a Dual Credit course, or earn an Industry Certification while in high school

Note I: 2010 was the first year that the ECA was administered. The GQE was taken prior to 2010; though, these two test are not aligned and therefore cannot be compared

Note II: College & Career Readiness was not tracked by the Indiana Department of Education prior to the 2011 graduation class.

The Excel Center (Indianapolis)

2011 academic data

- Opened: 2010
- Located: Indianapolis, Indiana
- Superintendent: Mr. Scott Bess
 - Address: 1635 W. Michigan St., Indianapolis, IN 46222
 - Phone: (317) 524-4501
 - Fax: (317) 524-4002
- Number of students: 832, serving grades 9-12
- Free / Reduced Lunch Status
 - Free: 63.5%
 - Reduced: 4.3%
 - Total Free/Reduced: 67.8%
- Race / Ethnicity
 - American Indian: 0.4%
 - Black: 67.2%
 - Asian: 0.1%
 - Hispanic: 5.0%
 - White: 24.9%
 - Multiracial: 2.4%
- Special Education
 - 7.81%
- English Language Learner Status
 - 1.56%
- Authorizer Contact: **Mayor of Indianapolis**

Office of Education Innovation
2501 City County Building
200 E. Washington Street
Indianapolis IN 46201
Phone: [317-327-3618](tel:317-327-3618)
Fax: 317-327-5271

School Performance Data

		2011	2012
	<u>Accountability Grade</u>	C	F*
% of First Time Test-Taker to Pass	<u>English 10 ECA</u>	33.3%	37.3%
	<u>Algebra I ECA</u>	20.0%	45.0%
<u>% of Graduates that Pass Both ECAs</u>		80.0%	79.2%
	<u>Grad Rate</u>	1.3%	12.0%
	<u>Revised Grad Rate</u>	15.8%	15.2%**
	<u>% of Graduates to take a College & Career Readiness Course</u>	57%	59%

Notes

The Excel Center was not open prior to the 2011 school year.

* estimate - under the new accountability metrics the Excel Center will be an F school by default most years due to the school's structure

** the 2012 graduation and college & career readiness rates are not final yet and the Excel Center still has time to improve them

College & Career Readiness is the percentage of graduates that pass an AP or IB exam, pass a Dual Credit course, or earn an Industry Certification while in high school

Note: College & Career Readiness was not tracked by the Indiana Department of Education prior to the 2011 graduation class.

The Excel Center (Anderson)

Note that the Anderson Excel Center opened in 2012. As a result, this data only reflects school enrollment prior to opening.

- Opened: 2012
- Located: Indianapolis, Indiana
- Superintendent: Mr. Scott Bess
 - Address: 1635 W. Michigan St., Indianapolis, IN 46222
 - Phone: (317) 524-4501
 - Fax: (317) 524-4002
- Number of Students: 256
- Free / Reduced Lunch Status
- Race / Ethnicity
- Special Education
- English Language Learner Status
- Authorizer Contact: **Indiana Charter School Board**

Indiana Charter School Board
Indiana Department of Education
151 West Ohio Street
Indianapolis, Indiana 46204
Phone: 317-232-0964
Fax: 317-327-5271

Last 5 Years' Data: N/A

Growth / value added results by instrument to determine results: N/A

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
MARION COUNTY, INDIANA

July 1, 2009 to June 30, 2011



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on the Financial Statement and Supplementary Schedule of Expenditures of Federal Awards	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards	5-6
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	9
Notes to Financial Statement	10-14
Supplementary Information: Combining Schedules of Receipts, Disbursements, Other Financing Source (Uses), and Cash and Investment Balances – Regulatory Basis	16-19
Schedule of Capital Assets	20
Schedule of Long-Term Debt	21
Audit Results and Comments: Cellular Phones – Additional Charges	22
Credit Cards	22-24
Fund Sources and Uses – Barrier Removal Program	24
Internal Controls Over the Authorization of Salaries and Wages	24-25
Average Daily Membership (ADM) – Supporting Documentation	25
Textbook Reimbursement Claims	25-26
Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	28-29
Schedule of Expenditures of Federal Awards	32-33
Notes to Schedule of Expenditures of Federal Awards	34
Schedule of Findings and Questioned Costs	35-36
Auditee Prepared Schedules: Summary Schedule of Prior Audit Findings	37
Corrective Action Plan	38
Exit Conference	39
Official Response	40-42

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Daniel J. Riley	07-01-09 to 06-30-12
Business Manager/ Assistant Treasurer	Tina Sherrard	07-01-09 to 06-30-12
Principal/Chief Operating Officer (COO)	Scott Bess	07-01-09 to 06-30-12
Chairman of the School Board	Fred C. Tucker III C. Perry Griffith, Jr.	07-01-09 to 12-31-10 01-01-10 to 06-30-12
President of Goodwill Education Initiatives	James McClelland	07-01-09 to 06-30-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE INDIANAPOLIS METROPOLITAN
HIGH SCHOOL, MARION COUNTY, INDIANA

We have audited the accompanying Financial Statement of the Indianapolis Metropolitan High School (School Corporation), for the years ended June 30, 2010 and 2011. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the School Corporation prepares its Financial Statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated February 9, 2012, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

The School Corporation's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 9, 2012



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE INDIANAPOLIS METROPOLITAN
HIGH SCHOOL, MARION COUNTY, INDIANA

We have audited the financial statement of the Indianapolis Metropolitan High School (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated February 9, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 9, 2012

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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INDIANAPOLIS METROPOLITAN HIGH SCHOOL
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ 71,015	\$ 2,953,462	\$ 3,168,327	\$ (11,556)	\$ (155,406)	\$ 4,198,185	\$ 3,880,949	\$ (11,898)	\$ 149,932
School Lunch	12,114	151,174	139,909	-	23,379	160,399	183,773	-	5
Textbook Rental	6,363	20,769	1,695	-	25,437	59,856	7,769	-	77,524
Alternative Education	-	3,126	-	-	3,126	-	3,126	-	-
Ruth Lilly Grant	13,790	-	-	-	13,790	-	13,790	-	-
Miscellaneous Programs	8,600	25,497	28,422	-	5,675	75,906	69,533	-	12,048
Gifts and Donations	75,280	361,991	434,357	-	2,914	315,270	318,184	-	-
Title I 2008-2009	25,346	20,000	45,346	-	-	-	-	-	-
Title I 2009-2010	-	281,165	226,312	-	54,853	14,999	69,455	(397)	-
Title I 2010-2011	-	-	-	-	-	242,169	249,958	397	(7,392)
Title I School Improvement Innovative Education Program	-	-	-	-	-	460,393	524,417	-	(64,024)
Strategies Title V (Part A)	-	50,000	44,586	-	5,414	-	-	-	5,414
IDEA Special Education 2009-2010	-	71,577	71,577	-	-	-	-	-	-
IDEA Special Education 2010-2011	-	-	-	-	-	76,207	71,758	-	4,449
Improving Teaching Quality, No Child Left, Title II, Part A	-	33,316	-	-	33,316	-	33,316	-	-
Fiscal Stabilization - Education	-	72,534	72,534	-	-	-	-	-	-
Title I - Grants to LEAs	-	170,044	100,113	-	69,931	74,400	144,331	-	-
Special Education - Part B	-	44,790	44,790	-	-	44,793	44,793	-	-
Education Technology	-	147,000	142,127	-	4,873	-	4,873	-	-
School Lunch Equipment	-	14,540	14,540	-	-	-	-	-	-
Totals	\$ 212,508	\$ 4,420,985	\$ 4,534,635	\$ (11,556)	\$ 87,302	\$ 5,722,577	\$ 5,620,025	\$ (11,898)	\$ 177,956

The notes to the financial statement are an integral part of this statement.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

State sources which include distributions from the State of Indiana to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources which include distributions from the federal government to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other financing sources and uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is subject to final approval by the School Corporation's chartering agency.

Note 3. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 4. Risk Management

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the School Corporation by recording as a disbursement and replacement items purchased.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was prepared and/or approved by management of the School Corporation. It is presented as intended by the School Corporation.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010

	General	School Lunch	Textbook Rental	Alternative Education	Ruth Lilly Grant	Miscellaneous Programs	Gifts and Donations	Title I 2008-2009	Title I 2009-2010
Cash and investments - beginning	\$ 71,015	\$ 12,114	\$ 6,363	\$ -	\$ 13,790	\$ 8,600	\$ 75,280	\$ 25,346	\$ -
Receipts:									
Local sources	64,363	44,672	-	-	-	25,497	361,991	-	-
State sources	2,889,099	11,482	20,769	3,126	-	-	-	-	-
Federal sources	-	95,020	-	-	-	-	-	20,000	281,165
Total receipts	2,953,462	151,174	20,769	3,126	-	25,497	361,991	20,000	281,165
Disbursements:									
Current:									
Instruction	1,330,429	-	1,695	-	-	3,092	183,330	45,200	223,853
Support services	1,556,102	120	-	-	-	(27)	133,004	-	2,459
Noninstructional services	70,579	139,789	-	-	-	25,357	6,387	146	-
Facilities acquisition and construction	158,527	-	-	-	-	-	62,355	-	-
Debt services	50,095	-	-	-	-	-	2,968	-	-
Nonprogrammed charges	2,595	-	-	-	-	-	46,313	-	-
Total disbursements	3,168,327	139,909	1,695	-	-	28,422	434,357	45,346	226,312
Excess (deficiency) of receipts over disbursements	(214,865)	11,265	19,074	3,126	-	(2,925)	(72,366)	(25,346)	54,853
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(11,556)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(11,556)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(226,421)	11,265	19,074	3,126	-	(2,925)	(72,366)	(25,346)	54,853
Cash and investments - ending	\$ (155,406)	\$ 23,379	\$ 25,437	\$ 3,126	\$ 13,790	\$ 5,675	\$ 2,914	\$ -	\$ 54,853

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Innovative Education Program Strategies Title V (Part A)	IDEA Special Education 2009-2010	Improving Teaching Quality No Child Left Title II, Part A	Fiscal Stabilization Education	Title I Grants to LEAs	Special Education Part B	Education Technology	School Lunch Equipment	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 212,508
Receipts:									
Local sources	-	-	-	-	-	-	-	-	496,523
State sources	-	-	-	-	-	-	-	-	2,924,476
Federal sources	50,000	71,577	33,316	72,534	170,044	44,790	147,000	14,540	999,986
Total receipts	50,000	71,577	33,316	72,534	170,044	44,790	147,000	14,540	4,420,985
Disbursements:									
Current:									
Instruction	18,186	-	-	6,185	3,583	5,549	-	-	1,821,102
Support services	12,000	69,557	-	55,779	838	5,075	142,127	-	1,977,034
Noninstructional services	-	-	-	9,500	-	-	-	14,540	266,298
Facilities acquisition and construction	14,400	2,020	-	1,070	95,692	34,166	-	-	368,230
Debt services	-	-	-	-	-	-	-	-	53,063
Nonprogrammed charges	-	-	-	-	-	-	-	-	48,908
Total disbursements	44,586	71,577	-	72,534	100,113	44,790	142,127	14,540	4,534,635
Excess (deficiency) of receipts over disbursements	5,414	-	33,316	-	69,931	-	4,873	-	(113,650)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(11,556)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(11,556)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,414	-	33,316	-	69,931	-	4,873	-	(125,206)
Cash and investments - ending	\$ 5,414	\$ -	\$ 33,316	\$ -	\$ 69,931	\$ -	\$ 4,873	\$ -	\$ 87,302

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	School Lunch	Textbook Rental	Alternative Education	Ruth Lilly Grant	Miscellaneous Programs	Gifts and Donations	Title I 2009-2010	Title I 2010-2011
Cash and investments - beginning	\$ (155,406)	\$ 23,379	\$ 25,437	\$ 3,126	\$ 13,790	\$ 5,675	\$ 2,914	\$ 54,853	\$ -
Receipts:									
Local sources	448,926	52,365	-	-	-	75,906	315,270	-	-
State sources	3,242,515	214	59,856	-	-	-	-	-	-
Federal sources	-	107,820	-	-	-	-	-	14,999	242,169
Temporary loans	506,744	-	-	-	-	-	-	-	-
Total receipts	4,198,185	160,399	59,856	-	-	75,906	315,270	14,999	242,169
Disbursements:									
Current:									
Instruction	1,600,015	-	7,769	-	-	61,211	97,321	66,224	186,006
Support services	1,857,477	50	-	3,126	-	62	15,113	-	23,395
Noninstructional services	6,925	183,723	-	-	-	8,260	44,606	-	13
Facilities acquisition and construction	174,417	-	-	-	13,790	-	50,996	3,231	40,544
Debt services	188,966	-	-	-	-	-	-	-	-
Nonprogrammed charges	53,149	-	-	-	-	-	110,148	-	-
Total disbursements	3,880,949	183,773	7,769	3,126	13,790	69,533	318,184	69,455	249,958
Excess (deficiency) of receipts over disbursements	317,236	(23,374)	52,087	(3,126)	(13,790)	6,373	(2,914)	(54,456)	(7,789)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	397
Transfers out	(11,898)	-	-	-	-	-	-	(397)	-
Total other financing sources (uses)	(11,898)	-	-	-	-	-	-	(397)	397
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	305,338	(23,374)	52,087	(3,126)	(13,790)	6,373	(2,914)	(54,853)	(7,392)
Cash and investments - ending	\$ 149,932	\$ 5	\$ 77,524	\$ -	\$ -	\$ 12,048	\$ -	\$ -	\$ (7,392)

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title I School Improvement	Innovative Education Program Strategies Title V (Part A)	IDEA Special Education 2010-2011	Improving Teaching Quality No Child Left Title II, Part A	Title I Grants to LEAs	Special Education Part B	Education Technology	Totals
Cash and investments - beginning	\$ -	\$ 5,414	\$ -	\$ 33,316	\$ 69,931	\$ -	\$ 4,873	\$ 87,302
Receipts:								
Local sources	-	-	-	-	-	-	-	892,467
State sources	-	-	-	-	-	-	-	3,302,585
Federal sources	460,393	-	76,207	-	74,400	44,793	-	1,020,781
Temporary loans	-	-	-	-	-	-	-	506,744
Total receipts	460,393	-	76,207	-	74,400	44,793	-	5,722,577
Disbursements:								
Current:								
Instruction	395,171	-	-	33,316	35,750	1,574	-	2,484,357
Support services	83,407	-	70,291	-	13,575	6,073	4,873	2,077,442
Noninstructional services	3,316	-	-	-	-	-	-	246,843
Facilities acquisition and construction	42,523	-	1,467	-	95,006	37,146	-	459,120
Debt services	-	-	-	-	-	-	-	188,966
Nonprogrammed charges	-	-	-	-	-	-	-	163,297
Total disbursements	524,417	-	71,758	33,316	144,331	44,793	4,873	5,620,025
Excess (deficiency) of receipts over disbursements	(64,024)	-	4,449	(33,316)	(69,931)	-	(4,873)	102,552
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	397
Transfers out	-	-	-	-	-	-	-	(12,295)
Total other financing sources (uses)	-	-	-	-	-	-	-	(11,898)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(64,024)	-	4,449	(33,316)	(69,931)	-	(4,873)	90,654
Cash and investments - ending	\$ (64,024)	\$ 5,414	\$ 4,449	\$ -	\$ -	\$ -	\$ -	\$ 177,956

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Other:	
Capital assets, not being depreciated:	
Machinery and equipment	<u>\$ 1,696,246</u>

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund/ Department
Notes and loans payable:			
Common School Loan #1 04 A020	\$ 181,208	\$ -	General
Common School Loan #2 05 A029	52,286	-	General
Common School Loan #3 05 A042	68,208	-	General
Common School Loan #4 06	122,205	-	General
Common School Loan #4 06 A074	112,022	-	General
Common School Loan #1 04 A021	181,208	-	General
Common School Loan #2 05 A030	55,926	-	General
Common School Loan #3 05 A043	91,815	-	General
Common School Loan Met Growth Loan A0185	<u>318,120</u>	-	General
Total debt	<u><u>\$ 1,182,998</u></u>	<u><u>\$ -</u></u>	

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
AUDIT RESULTS AND COMMENTS

CELLULAR PHONES – ADDITIONAL CHARGES

The School Corporation paid for cellular phones for administrators, teachers, and other school staff during the audit period. Monthly statements for cellular phones for four months during 2009-2010 were presented late in the audit and were not reviewed. We reviewed 20 monthly cellular statements and observed additional charges, over the allowable monthly usage, totaling \$8,041 assessed and paid. Additional charges included: calls to information totaling \$616, international text messages totaling \$4, 3rd party charges (applications, downloads, monthly automated texting services) totaling \$362, equipment and retail totaling \$6,538, and excessive text messages (over the limit) totaling \$521. Additionally, late fees in the amount of \$416 were paid on the monthly statements reviewed.

As of April 2011, which was the last monthly cellular phone statement presented, a total of 64 cellular phones were paid for by the School Corporation. The School Corporation did not have a formal policy in place to address who would be provided cellular phones, allowable usage, or additional charges.

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CREDIT CARDS

During 2010-2011, the School Corporation used several credit cards to make purchases. Some credit card statements were not presented for audit. We reviewed credit card statements that were attached to paid claims totaling \$90,423. A vendor history provided by the School Corporation reported payments to the credit card vendor totaling \$105,000. Documentation for the remaining \$14,577 in credit card payments was not presented for audit. Also, sufficient supporting documentation was not provided for 9 of the 16 credit card claims reviewed. The following deficiencies were noted:

- Credit card purchases totaling \$13,445 did not have original receipts or invoices or were supported only by the credit card slip which did not include itemization of the purchases.
- Credit cards were used for sales tax, gift cards, prepaid credit cards, and student/family assistance. The total amount of sales tax paid was \$764; however additional amounts may have been paid on other purchases that did not have supporting documentation.
- Gift cards and prepaid credit cards totaling \$2,445 were purchased for student and staff incentives and awards. However, documentation was not provided to determine who received the gift cards and prepaid credit cards.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
AUDIT RESULTS AND COMMENTS
(Continued)

- Credit cards were also used for student/family assistance through a barrier removal program operated by the School Corporation. Credit cards were used to pay utility bills, a car payment, gas cards, and gift cards which did not always have enough information to verify the credit card purchases were for the proper amounts or credited to the proper student/family. Credit card purchases related to the barrier removal program totaled \$4,123.

In addition to the credit cards noted above, the School Corporation also used a gas card in which finance charges were paid. Finance charges totaling \$73 were paid during 2010-2011.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
AUDIT RESULTS AND COMMENTS
(Continued)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

FUND SOURCES AND USES - BARRIER REMOVAL PROGRAM

The General Fund and Gifts and Donations Fund were used to provide assistance to students and their families through a barrier removal program. Based on documentation presented for audit, disbursements for this program included payments for utility bills, rent, a car payment, clothing, food, gas cards, and gifts cards to various stores. General Fund receipts consist of state and local sources. Local sources consisted primarily of refunds and reimbursements. The General Fund did not receive any specific funding that would support the use of General Funds to operate the program. The barrier removal coordinator for 2010-2011 kept an electronic log of assistance payments for the school year; however, we were not able to verify all the transactions on the log to the financial records. Records related to the program were not presented for the 2009-2010 school year. The transactions were recorded in two different funds and multiple line items which did not always include enough description to identify the transactions. Therefore, we were not able to determine the total amount of disbursements for this program for the audit period.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

INTERNAL CONTROLS OVER THE AUTHORIZATION OF SALARIES AND WAGES

Internal controls over payroll disbursements were not adequate. Salaries and wages during the audit period were not established by a formal salary resolution or schedule approved and signed by the governing board. The total amount budgeted for salaries and wages was approved by the governing board; however, individual salaries and wages were not approved by the governing board.

Salaries and wages were determined by Goodwill Industries and offer letters were sent to employees. After employees accepted the offers, "Employee Status Change Forms" were prepared and signed by the Principal and sent to the Business Manager/Assistant Treasurer who entered the information into the payroll system. New "Employee Status Change Forms" were to be completed for any changes in salaries and wages. Two employees tested were paid amounts that did not agree with the "Employee Status Change Forms" presented for audit. There is no evidence that anyone other than the Principal authorized salaries and wages.

Failure to maintain adequate controls over the authorization of salaries and wages could result in incorrect or unauthorized compensation being paid to employees.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
AUDIT RESULTS AND COMMENTS
(Continued)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

AVERAGE DAILY MEMBERSHIP (ADM) - SUPPORTING DOCUMENTATION

School Corporation records to support the ADM claimed by the School Corporation for the September 18, 2009 and September 17, 2010 count dates were not presented for audit. Documentation presented for audit included electronic files that were generated from information obtained from the Department of Education's (DOE) website. Therefore, ADM could not be verified to the schools records.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Officials should maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM. The building level official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (The School Administrator and Uniform Compliance Guidelines, Volume 163, September 2003, and Volume 182, June 2008)

TEXTBOOK REIMBURSEMENT CLAIMS

Textbook Reimbursement Claims presented for the audit period were not properly calculated. The claims included disbursements for educational materials that were not textbooks or consumables. Additionally, the amounts included were for the total invoice amounts paid. The 2010-2011 claim included all the costs reported on the 2009-2010 claim plus current year disbursements for educational materials. Reimbursement amounts should be calculated based on a per pupil cost for textbooks and consumables for each grade and multiplied by the number of eligible students to determine the amount to be included as costs on the claim for reimbursement. Sufficient information was not provided to determine the correct reimbursement amounts for 2009-2010 and 2010-2011.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
AUDIT RESULTS AND COMMENTS
(Continued)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE INDIANAPOLIS METROPOLITAN
HIGH SCHOOL, MARION COUNTY, INDIANA

Compliance

We have audited the compliance of the Indianapolis Metropolitan High School (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2010 and 2011. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2010 and 2011.

Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The School Corporation's response to the finding identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 9, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were prepared by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY10 FY11	\$ 23,392 -	\$ - 19,156
Total for program			<u>23,392</u>	<u>19,156</u>
National School Lunch Program	10.555	FY10 FY11	71,878 -	- 77,816
Total for program			<u>71,878</u>	<u>77,816</u>
Total for cluster			<u>95,270</u>	<u>96,972</u>
ARRA - Child Nutrition Discretionary Grants Limited Availability School Lunch Equipment	10.579	FY10	14,540	-
Total for federal grantor agency			<u>109,810</u>	<u>96,972</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	09-9670 10-9670 11-9670	45,346 226,312 -	- 69,455 249,958
Total for program			<u>271,658</u>	<u>319,413</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	10-9670	100,113	144,331
Total for cluster			<u>371,771</u>	<u>463,744</u>
Special Education Cluster				
Special Education - Grants to States	84.027	FY10 FY11	71,577 -	- 71,758
Total for program			<u>71,577</u>	<u>71,758</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY10	44,790	44,793
Total for cluster			<u>116,367</u>	<u>116,551</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Educational Technology State Grants Cluster				
ARRA - Education Technology State Grants, Recovery Act	84.386	FY10	142,127	4,873
Total for cluster			142,127	4,873
School Improvement Grants Cluster				
ARRA - School Improvement Grants, Recovery Act	84.388	FY11	-	524,417
Total for cluster			-	524,417
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY10	72,534	-
Total for cluster			72,534	-
State Grants for Innovative Programs	84.298	FY10	44,586	-
Improving Teacher Quality State Grants	84.367	FY10 FY11	- -	- 33,316
Total for program			-	33,316
Total for federal grantor agency			747,385	1,142,901
Total federal awards expended			\$ 857,195	\$ 1,239,873

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Indianapolis Metropolitan High School (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010	2011
School Breakfast Program	10.553	\$ 61	\$ 1,325
National School Lunch Program	10.555	188	5,228

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	no
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	yes
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes

Identification of Major Programs:

Name of Federal Program or Cluster

Title I Part A Cluster
School Improvement Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

Section II – Financial Statement Findings

No matters are reportable.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Finding and Questioned Costs

FINDING 2011-1 - INTERNAL CONTROLS OVER CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Program: Title I, Part A Cluster
CFDA Number: 84.010, 84.389
Federal Award Number and Year (or Other Identifying Number): 10-9670, 11-9670
Pass-Through Entity: Indiana Department of Education

Proper internal controls were not in place to ensure that surplus cash was not on hand. Amounts received by the School Corporation for the Title I, Part A Cluster Grant were drawn down in advance. School Corporation Officials were required to review needs and draw funds as needed in accordance with federal guidelines. A schedule of draw downs was included in the application for grant funds. The cash balances of the Title I grants exceeded the allowable cash balance based on estimated future requirements for 8 of the 12 months in 2009-2010. The total cash balance of all Title I grants at June 30, 2010, as reported to the Indiana Department of Education, was \$124,784, which was approximately 26 percent of the total Title I grants received during 2009-2010. The estimated cash needs in the few months subsequent to year end did not substantiate the need for this amount of cash. Cash drawdown requests were not revised to ensure there would not be excess cash on hand throughout the school years. In 2010-2011, the method used for draw downs changed and resulted in a negative total cash balance of \$7,392 for June 30, 2011.

Due to the magnitude of noncompliance and weaknesses in internal controls, we have determined this to be a significant deficiency.

34 CFR 80.20 (b)(7) states:

"Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Surplus cash indicates noncompliance with the cash management requirement as set forth by the grant agreement. Additionally, failure to minimize the cash on hand may cause future funding to be reduced by the pass-through agency.

We recommended that School Corporation Officials develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized according to the grant requirements.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

February 6, 2012

FEDERAL FINDING 2011-1, INTERNAL CONTROLS OVER CASH MANAGEMENT

Corrective Action Plan

Address cash management of Title 1 funding

Corrective Action Statement for ISBA Auditor

In the matter of the Title 1 funds cash management the Indianapolis Metropolitan High School received funding in advance during the 2009-10 school year. The total amount of the grant was taken and divided out for a 12 month period. The timing of the purchases for Netbooks for each student enrolled in the high school did not match up with the grant money. During the 2010-11 school year, the method used to draw down funds changed to a reimbursement based system, which eliminated the issue found. School funds are now spent in advance and then reimbursed from the Department of Education. It is believed that this method will eliminate any reoccurrence of this problem.

Signed

Tina Sherrard

Director of Business Services
Goodwill Education Initiative
www.indianapolismet.org
tsherrard@goodwilleducation.org



INDIANAPOLIS METROPOLITAN HIGH SCHOOL
EXIT CONFERENCE

The contents of this report were discussed on February 9, 2012, with Daniel J. Riley, Treasurer; Tina Sherrard, Business Manager/Assistant Treasurer; C. Perry Griffith, Jr., Chairman of the School Board; Scott Bess, Principal/Chief Operating Officer (COO); and James McClelland, President of Goodwill Education Initiatives. The Official Response has been made a part of this report and may be found on pages 40 through 42.



Relationships • Relevance • Rigor

February 14, 2012

Indiana State Board of Accounts
302 West Washington Street Room E418
Indianapolis, Indiana 46204-2765

RE: Goodwill Education Initiatives, Inc.
Indianapolis Metropolitan High School
Written Response to SBOA Audit Results and Comments

State Board of Accounts,

Goodwill Education Initiatives, Inc. and The Indianapolis Metropolitan High School appreciate the opportunity to respond to SBOA's audit results and comments. We also appreciate the courtesy and expediency with which your staff conducted the biennial audit of the Metropolitan High School.

Audit Comment : CELLULAR PHONES – ADDITIONAL CHARGES

Management Response:

We concur with SBOA that certain charges identified by SBOA in their review of monthly cell phone bills can be reduced or eliminated. The nature of our student population and our education model are such that we have asked our staff to be available to our students well beyond the hours of a regular school day. Students often communicate with their teachers and counselors via voice and text. We have taken steps to significantly reduce the number of school-paid cell phones, as the phone contracts expire in calendar year 2012. In addition, we take advantage of educational rates, or e-rates, for items like cell phones, computers, etc. SBOA's findings reflect the undiscounted charges on the cell phone invoices. After applicable e-rate discounts, the net amount paid for cell phones is reduced significantly – more than 80% - from the amounts reflected in SBOA's findings. Still, we will continue to exercise prudence in issuing additional cell phones, and we will carefully monitor ongoing usage.

Audit Comment: CREDIT CARDS

Management Response:

We have found the use of corporate purchasing cards (p-cards) to be a convenient, efficient way for staff to make purchases for field trips, events, non-recurring items, etc. The p-card program we utilize allows us to set transaction and account limits, set geographic boundaries, and control the types of transactions cardholders can make. Each cardholder signs a p-card policy which indicates proper use of and documentation requirements for p-card purchases. In addition, the same individuals are provided with a copy of the current Indiana ST-105 (sales tax exemption certificate) for the school. They are instructed to present the exemption certificate with all purchases, p-card or otherwise. We concur with SBOA's findings that the documentation supporting p-card purchases is sometimes inconsistent, and

sales taxes have been incorrectly paid on occasion. We have re-emphasized our internal documentation requirements, and will revoke p-card privileges for individuals who do not comply with our policies.

SBOA also commented on the use of gift cards as incentives for students and staff, and that controls can be improved for tracking gift card recipients and the reasons for the awards. We will implement a complete inventory system for incentive gift cards so that we can easily track the number and dollar value of cards purchased and the distribution of the gift cards to recipients.

Audit Comments: BARRIER REMOVAL PROGRAM

Management Response:

A number of our students have extraordinarily difficult home lives and face many challenges in their educational lives. Quite often, such students are unable to do school work, study, read, or even come to school due to crises in their homes and personal lives. To the extent we are able, we will assist a student and/or his or her family by helping remove a barrier to their education. Assistance with rent, utilities, transportation or clothing often allows a student to stay in or return to school and continue their education and progress towards graduation. We are not aware of a prohibition against using general fund dollars to provide occasional assistance to students and families in dire need of help.

Audit Comments: INTERNAL CONTROLS OVER THE AUTHORIZATION OF SALARIES AND WAGES

Management Response:

SBOA is accustomed to seeing formal salary resolutions and/or salaries governed by collective bargaining agreements. Because Indianapolis Metropolitan does not have collective bargaining arrangements, salaries are approved by the Board of Directors via the annual budget process. When the annual budget is finalized and submitted to the Board for review and approval, a key element of the budget package is a list of current and budgeted salaries for existing employees, and projected salaries for new positions. The board considers the budget as a whole, and based on its review and questions regarding the detailed information and assumptions contained therein, approves it in its entirety for the coming school year. Within the approved budget, school leadership has the ability to manage salaries as it sees fit, recognizing and rewarding performance (and adjusting as needed where lack of performance is evident). It has been the Board's philosophy, and school leadership's intent, to manage within the total approved budget for each school year. Going forward, the Board will consider in greater detail the budgeted salaries schedule that lists all existing and new positions. The Board will also designate the Chief Operating Officer and Treasurer or Assistant Treasurer (in the Treasurer's absence) to sign off on all salary adjustments during a school year.

Audit Comments: AVERAGE DAILY MEMBERSHIP (ADM) – SUPPORTING DOCUMENTATION

Management Response:

It is our understanding that SBOA and the Indiana Department of Education (DOE) differ in their interpretations regarding what constitutes adequate supporting documentation for ADM. We followed DOE's prescribed compliance requirements for substantiating our ADM. Going forward the SBOA would like to see a report, generated from our student management system, of the students reported per grade level with written remarks of any adjustments or corrections made before final submission of our count-day ADM. The report should have the superintendent's signature in addition to the ADM signature page that verifies the students submitted matches the final count submitted. This process will be implemented and followed for future school years.

Audit Comments: TEXTBOOK REIMBURSEMENT CLAIMS

Management Response:

We concur with SBOA that calculations used for determining textbook reimbursement were not fully consistent with DOE procedures. As stated by the SBOA auditor, instructions for textbook reimbursement are not entirely clear, and that findings are frequently cited for schools new to the process or with personnel who are new to the process. While the full cost of some textbook materials (including certain computer software fees) can be included with the full purchase price applied across our free/reduced student population, we now understand that other items must have the cost spread out over five years. Our business management staff will work directly with the Department of Education finance staff to reconcile our filing in error with the correct calculations and to receive in depth training on the proper preparation of the reimbursement report.

We look forward to working with the SBOA team in the future.

Regards,

A handwritten signature in black ink, appearing to read "Dan Riley", written in a cursive style.

Daniel J. Riley
Treasurer, Goodwill Education Initiatives, Inc.

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT

OF

INDIANAPOLIS METROPOLITAN HIGH SCHOOL

MARION COUNTY, INDIANA

July 1, 2007 to June 30, 2009



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	9-10
Fiduciary Funds:	
Cash and Investment Balances – Fiduciary Fund	11-12
Notes to Financial Statements	13-18
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds	19-20
Schedule of Capital Assets	21
Schedule of Long-Term Debt	22
Audit Results and Comments:	
School Board Approval of Accounts Payable Vouchers	23
Average Daily Membership (ADM) – Certification	23
Federal and State Agencies – Compliance Requirements	24
Public Records Retention	24-25
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	28-29
Schedule of Expenditures of Federal Awards	30
Note to Schedule of Expenditures of Federal Awards	31
Schedule of Findings and Questioned Costs	32
Summary Schedule of Prior Audit Findings	33
Exit Conference	34
Official Response	35-38

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Daniel J. Riley	07-01-07 to 06-30-10
Chairman of the Board of Directors	Fred C. Tucker III	07-01-07 to 06-30-10
Chief Operating Officer	Scott E. Bess	07-01-07 to 06-30-10
President of Goodwill Education Initiatives	Jim McClelland	07-01-07 to 06-30-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDIANAPOLIS, INDIANA 46204-2769

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE INDIANAPOLIS METROPOLITAN
HIGH SCHOOL, MARION COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Indianapolis Metropolitan High School (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2008 and 2009, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 25, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 25, 2010



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE INDIANAPOLIS METROPOLITAN
HIGH SCHOOL, MARION COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Indianapolis Metropolitan High School (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 25, 2010

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 1,776,301	\$ -	\$ 23,258	\$ (1,753,043)
Support services	1,241,659	56,984	86,250	(1,098,425)
Noninstructional services	142,795	-	-	(142,795)
Facilities acquisition and construction	330,666	-	-	(330,666)
Nonprogrammed charges	3,516	-	-	(3,516)
Debt service	133,565	-	-	(133,565)
Total governmental activities	<u>\$ 3,628,502</u>	<u>\$ 56,984</u>	<u>\$ 109,508</u>	<u>(3,462,010)</u>
General receipts:				
Property taxes				886,624
Other local sources				1,320,415
State aid				1,513,212
Grants and contributions not restricted to specific programs				<u>198,880</u>
Total general receipts				<u>3,919,131</u>
Change in net assets				457,121
Net assets - beginning				<u>-</u>
Net assets - ending				<u>\$ 457,121</u>
<u>Assets</u>				
Cash and investments				<u>\$ 457,121</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 457,121</u>

The notes to the financial statements are an integral part of this statement.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 1,743,111	\$ -	\$ 21,941	\$ (1,721,170)
Support services	1,744,195	47,868	94,335	(1,601,992)
Noninstructional services	266,055	-	-	(266,055)
Facilities acquisition and construction	270,448	-	-	(270,448)
Debt service	371,933	-	-	(371,933)
Non programend charges	3,652	-	-	(3,652)
Total governmental activities	<u>\$ 4,399,394</u>	<u>\$ 47,868</u>	<u>\$ 116,276</u>	<u>(4,235,250)</u>
General receipts:				
Property taxes				411,003
Other local sources				574,282
State aid				2,160,265
Bonds and loans				261,210
Grants and contributions not restricted to specific programs				555,221
Other				1,399
Total general receipts				<u>3,963,380</u>
Change in net assets				(271,870)
Net assets - beginning				<u>457,121</u>
Net assets - ending				<u>\$ 185,251</u>
<u>Assets</u>				
Cash and investments				<u>\$ 185,251</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 185,251</u>

The notes to the financial statements are an integral part of this statement.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	School Lunch	Gifts and Donations	Title I FY 2007-08	Other	Totals
Receipts:						
Local sources	\$ 1,253,875	\$ 24,165	\$ 703,876	\$ -	\$ 90,387	\$ 2,072,303
State sources	1,536,470	204	-	-	9,127	1,545,801
Federal sources	-	76,918	-	165,084	33,797	275,799
Other	<u>176,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,238</u>	<u>191,720</u>
Total receipts	<u>2,966,827</u>	<u>101,287</u>	<u>703,876</u>	<u>165,084</u>	<u>148,549</u>	<u>4,085,623</u>
Disbursements:						
Current:						
Instruction	1,537,503	-	51,069	122,886	64,843	1,776,301
Support services	866,609	19	329,035	-	45,996	1,241,659
Noninstructional services	64,216	49,861	27,195	402	1,121	142,795
Facilities acquisition and construction	250,785	-	79,881	-	-	330,666
Nonprogrammed charges	3,516	-	-	-	-	3,516
Debt services	<u>93,737</u>	<u>-</u>	<u>39,828</u>	<u>-</u>	<u>-</u>	<u>133,565</u>
Total disbursements	<u>2,816,366</u>	<u>49,880</u>	<u>527,008</u>	<u>123,288</u>	<u>111,960</u>	<u>3,628,502</u>
Excess (deficiency) of receipts over disbursements	<u>150,461</u>	<u>51,407</u>	<u>176,868</u>	<u>41,796</u>	<u>36,589</u>	<u>457,121</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 150,461</u>	<u>\$ 51,407</u>	<u>\$ 176,868</u>	<u>\$ 41,796</u>	<u>\$ 36,589</u>	<u>\$ 457,121</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 150,461</u>	<u>\$ 51,407</u>	<u>\$ 176,868</u>	<u>\$ 41,796</u>	<u>\$ 36,589</u>	<u>\$ 457,121</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 150,461</u>	<u>\$ 51,407</u>	<u>\$ 176,868</u>	<u>\$ 41,796</u>	<u>\$ 36,589</u>	<u>\$ 457,121</u>

The notes to the financial statements are an integral part of this statement.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	School Lunch	Gifts and Donations	Title I FY 2007-08	Title I FY 2008-09	Other	Totals
Receipts:							
Local sources	\$ 535,056	\$ 30,861	\$ 444,964	\$ -	\$ -	\$ 22,271	\$ 1,033,152
State sources	2,182,206	368	-	-	-	6,924	2,189,498
Federal sources	-	87,043	-	21,000	189,001	345,220	642,264
Temporary loans	261,210	-	-	-	-	-	261,210
Other	1,399	-	-	-	-	-	1,399
Total receipts	2,979,871	118,272	444,964	21,000	189,001	374,415	4,127,523
Disbursements:							
Current:							
Instruction	1,204,768	-	111,943	49,755	172,568	204,077	1,743,111
Support services	1,472,096	145	110,460	-	3,600	157,894	1,744,195
Noninstructional services	65,388	157,422	22,436	-	528	20,281	266,055
Facilities acquisition and construction	1,889	-	268,559	-	-	-	270,448
Debt services	338,778	-	33,155	-	-	-	371,933
Nonprogrammed charges	3,651	-	-	-	-	-	3,651
Total disbursements	3,086,570	157,567	546,553	49,755	176,696	382,252	4,399,393
Excess (deficiency) of receipts over disbursements	(106,699)	(39,295)	(101,589)	(28,755)	12,305	(7,837)	(271,870)
Other financing sources (uses):							
Transfers in	-	-	-	-	13,041	-	13,041
Transfers out	-	-	-	(13,041)	-	-	(13,041)
Total other financing sources (uses)	-	-	-	(13,041)	13,041	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(106,699)	(39,295)	(101,589)	(41,796)	25,346	(7,837)	(271,870)
Cash and investments - beginning	150,461	51,407	176,868	41,796	-	36,589	457,121
Cash and investments - ending	<u>\$ 43,762</u>	<u>\$ 12,112</u>	<u>\$ 75,279</u>	<u>\$ -</u>	<u>\$ 25,346</u>	<u>\$ 28,752</u>	<u>\$ 185,251</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 43,762</u>	<u>\$ 12,112</u>	<u>\$ 75,279</u>	<u>\$ -</u>	<u>\$ 25,346</u>	<u>\$ 28,752</u>	<u>\$ 185,251</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 43,762</u>	<u>\$ 12,112</u>	<u>\$ 75,279</u>	<u>\$ -</u>	<u>\$ 25,346</u>	<u>\$ 28,752</u>	<u>\$ 185,251</u>

The notes to the financial statements are an integral part of this statement.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
CASH AND INVESTMENT BALANCES
FIDUCIARY FUND
For the Year Ended June 30, 2008

	<u>Agency Fund</u>
Cash and investment fund balance - ending	<u>\$ 8,805</u>

The notes to the financial statements are an integral part of this statement.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
CASH AND INVESTMENT BALANCES
FIDUCIARY FUND
For the Year Ended June 30, 2009

	<u>Agency Fund</u>
Cash and investment fund balance - ending	<u>\$ 27,254</u>

The notes to the financial statements are an integral part of this statement.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Indianapolis Metropolitan High School

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

During the audit period, the School Corporation was a participant with 21st Century Charter School, 21st Century Charter School at Fountain Square, 21st Century Charter School of Gary, Campagna Academy, Charles A. Tindley Accelerated School, Charter School of the Dunes, Christel House Academy, Community Montessori, East Chicago Urban Enterprise, Flanner House Elementary School, Galileo Charter School, Gary Lighthouse Charter School, Indianapolis Lighthouse Charter School #1, Indianapolis Metropolitan High School, Irvington Community School, Joshua Academy, KIPP Indianapolis College Preparatory, New Community School, Options Charter School of Carmel, Rural Community Academy, Signature School, Southeast Neighborhood School of Excellence, Thea Bowman Leadership Academy, Timothy L. Johnson Academy, and Veritas Academy in a joint venture to operate the Virtual Special Education Cooperative (Cooperative) which was created to provide needed special programs and services, supplies, materials and equipment, and facilities for identified students with disabilities. The School Corporation was obligated by contract to remit annually the federal allocation received for special education assistance to supplement the Cooperative. Complete financial statements for the Cooperative can be obtained from Ball State University, Muncie, Indiana.

On June 30, 2008, the School Corporation withdrew from the joint venture.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. (However, at this time, the School Corporation has not established any enterprise funds.)

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The school lunch fund accounts for financial resources related to the operation of the school lunch and breakfast programs.

The gifts and donations fund accounts for proceeds of various gifts and donations.

The Title I FY 2007-08 and Title I FY 2008-09 funds account for financial resources received through the federal Title I program.

Additionally, the School Corporation reports the following fund type:

Agency funds account for assets held by the School Corporation as an agent for individuals, private organizations, and other governments.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance).

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are prepared and approved at the local level, and are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

III. Detailed Notes on All Funds

A. Deposits and Investments

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2009, the School Corporation had deposit balances in the amount of \$212,508. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2008 and 2009, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	
Title I FY 2007-08	Title I FY 2008-09	\$ <u>13,041</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. Risk financing is not utilized for the other risks of loss.

B. Related Party Transactions

During the period in which financial statements are presented, the School Corporation had material transactions with Goodwill Industries in relation to furnishing goods, services, and facilities in the amount of \$1,475,851.

C. Pension Plan

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Teachers' Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

Funding Policy and Annual Pension Costs

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Textbook Rental	McCabe Grant	Ruth Lilly Grant	Student Activity	Title I FY 2006-07 I	Title I FY 2006-07 II	Title II	Totals
Receipts:								
Local sources	\$ -	\$ 68,878	\$ -	\$ 21,509	\$ -	\$ -	\$ -	\$ 90,387
State sources	9,127	-	-	-	-	-	-	9,127
Federal sources	-	-	-	-	-	11,616	22,181	33,797
Other	-	-	13,790	-	1,448	-	-	15,238
Total receipts	9,127	68,878	13,790	21,509	1,448	11,616	22,181	148,549
Disbursements:								
Current:								
Instruction	9,127	17,201	-	9,379	103	6,852	22,181	64,843
Support services	-	38,080	-	1,807	1,345	4,764	-	45,996
Noninstructional services	-	753	-	368	-	-	-	1,121
Total disbursements	9,127	56,034	-	11,554	1,448	11,616	22,181	111,960
Excess of receipts over disbursements	-	12,844	13,790	9,955	-	-	-	36,589
Cash and investments - beginning	-	-	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ 12,844	\$ 13,790	\$ 9,955	\$ -	\$ -	\$ -	\$ 36,589
<u>Cash and Investment Assets - Ending</u>								
Cash and investments	\$ -	\$ 12,844	\$ 13,790	\$ 9,955	\$ -	\$ -	\$ -	\$ 36,589
<u>Cash and Investment Fund Balance - Ending</u>								
Unrestricted	\$ -	\$ 12,844	\$ 13,790	\$ 9,955	\$ -	\$ -	\$ -	\$ 36,589

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Textbook Rental	Ruth Lilly Grant	McCabe Grant	Student Activity	Special Education	Title II	Fiscal Stabilization	Totals
Receipts:								
Local sources	\$ 35	\$ -	\$ -	\$ 22,236	\$ -	\$ -	\$ -	\$ 22,271
State sources	6,924	-	-	-	-	-	-	6,924
Federal sources	-	-	-	-	65,371	30,741	249,108	345,220
Total receipts	<u>6,959</u>	<u>-</u>	<u>-</u>	<u>22,236</u>	<u>65,371</u>	<u>30,741</u>	<u>249,108</u>	<u>374,415</u>
Disbursements:								
Current:								
Instruction	596	-	9,649	2,054	-	30,741	161,037	204,077
Support services	-	-	2,906	1,546	65,371	-	88,071	157,894
Noninstructional services	-	-	289	19,992	-	-	-	20,281
Total disbursements	<u>596</u>	<u>-</u>	<u>12,844</u>	<u>23,592</u>	<u>65,371</u>	<u>30,741</u>	<u>249,108</u>	<u>382,252</u>
Excess (deficiency) of receipts over disbursements	<u>6,363</u>	<u>-</u>	<u>(12,844)</u>	<u>(1,356)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,837)</u>
Cash and investments - beginning	<u>-</u>	<u>13,790</u>	<u>12,844</u>	<u>9,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,589</u>
Cash and investments - ending	<u>\$ 6,363</u>	<u>\$ 13,790</u>	<u>\$ -</u>	<u>\$ 8,599</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,752</u>
<u>Cash and Investment Assets - Ending</u>								
Cash and investments	<u>\$ 6,363</u>	<u>\$ 13,790</u>	<u>\$ -</u>	<u>\$ 8,599</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,752</u>
<u>Cash and Investment Fund Balance - Ending</u>								
Unrestricted	<u>\$ 6,363</u>	<u>\$ 13,790</u>	<u>\$ -</u>	<u>\$ 8,599</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,752</u>

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

At June 30, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Primary Government

Governmental activities:

Machinery and equipment	<u>\$ 1,388,763</u>
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INDIANAPOLIS METROPOLITAN HIGH SCHOOL
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2009

The School has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Notes and loans payable		
Common school loan A020	\$ 181,208	\$ 18,461
Common school loan A021	181,208	18,461
Common school loan A029	52,286	4,837
Common school loan A030	55,926	5,494
Common school loan A042	68,208	6,480
Common school loan A043	91,814	8,723
Common school loan A073	122,206	11,610
Common school loan A074	112,022	10,642
Goodwill Industries Start-up Loan	<u>45,852</u>	<u>45,852</u> [a]
Total governmental activities debt	<u>\$ 910,730</u>	<u>\$ 130,560</u>

[a] = This is a zero interest loan.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
AUDIT RESULTS AND COMMENTS

SCHOOL BOARD APPROVAL OF ACCOUNTS PAYABLE VOUCHERS

We noted during the audit of disbursements, where the School Board is not certifying Accounts Payable Vouchers or the Accounts Payable Voucher Register. The Treasurer is certifying the Accounts Payable Voucher Register and School Board allowance of vendor claims is noted in the School Board minutes.

IC 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

AVERAGE DAILY MEMBERSHIP (ADM) – CERTIFICATION

The lists of students supporting the Average Daily Membership counts reported to the state were not certified by the building level official as required.

Officials should maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM. The building level official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
AUDIT RESULTS AND COMMENTS
(Continued)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

Coordinated and Program Reviews of the National School Lunch Program were performed by the Indiana Department of Education on May 29 and 30, 2008. The following findings were noted:

Due to errors, incorrect eligibility status of students resulted in incorrect meals being recorded. All of the applications on file at the school were reviewed to determine whether households provided required information and whether the School Food Authority (SFA) properly approved applications.

Each type of food service line did not provide accurate point of service counts by type for breakfast and lunch meals served.

There was not sufficient evidence that the claim review process (edit check) was performed.

School Officials responded on August 21, 2008, to the findings describing corrective measures to be taken. The Indiana Department of Education responded on September 8, 2008, stating that all corrective actions outlined were acceptable and should correct the findings noted during the review.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

PUBLIC RECORDS RETENTION

The School received a distribution for textbook assistance from the State for the 2007-2008 school year. However, the Financial Assistance for Students Textbook Reimbursement claim form and related supporting documentation was not presented for audit.

School lunch verification summary reports and related supporting documentation were not presented for audit for the 2007-2008 and 2008-2009 school years. Additionally, monthly school lunch reimbursement claim reports and related supporting documentation were not presented for audit for the period July 1, 2007 through June 30, 2009.

IC 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
AUDIT RESULTS AND COMMENTS
(Continued)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE INDIANAPOLIS METROPOLITAN
HIGH SCHOOL, MARION COUNTY, INDIANA

Compliance

We have audited the compliance of the Indianapolis Metropolitan High School (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 25, 2010

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-08	Total Federal Awards Expended 06-30-09
<u>U.S. Department of Agriculture</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY 2007-2008 FY 2008-2009	\$ 3,277 -	\$ - 17,787
Total for program			<u>3,277</u>	<u>17,787</u>
National School Lunch Program	10.555	FY 2007-2008 FY 2008-2009	73,606 -	- 69,256
Total for program			<u>73,606</u>	<u>69,256</u>
Total for cluster			<u>76,883</u>	<u>87,043</u>
Total for federal grantor agency			<u>76,883</u>	<u>87,043</u>
<u>U.S. Department of Education</u>				
Pass-Through Indiana Department of Education				
Title I Cluster				
Title I Grants to Local Educational Agencies	84.010	08-9645 09-9645	136,351 -	- 226,451
Total for cluster			<u>136,351</u>	<u>226,451</u>
Special Education Cluster				
Special Education Grants to States	84.027	09-9645	-	65,371
Total for cluster			<u>-</u>	<u>65,371</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF)				
Education State Grants	84.394	09-9645	-	249,108
Total for cluster			<u>-</u>	<u>249,108</u>
Improving Teacher Quality State Grants - Title II	84.367	08-9645 09-9645	22,181 -	- 30,741
Total for program			<u>22,181</u>	<u>30,741</u>
Total for federal grantor agency			<u>158,532</u>	<u>571,671</u>
Total federal awards expended			<u>\$ 235,415</u>	<u>\$ 658,714</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Indianapolis Metropolitan High School (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of School Corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

Name of Cluster
Title I Cluster
State Fiscal Stabilization Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
EXIT CONFERENCE

The contents of this report were discussed on February 25, 2010, with Scott E. Bess, Chief Operating Officer; Daniel J. Riley, Treasurer; and, Jim McClelland, President of Goodwill Education Initiatives. The official response has been made a part of this report and may be found on pages 35 through 38.



Relationships • Relevance • Rigor

March 1, 2010

Indiana State Board of Accounts
302 West Washington Street, Room E418
Indianapolis, IN 46204-2765

Dear SBOA,

Enclosed please find our written Official Response to the Biennial Audit of the Indianapolis Metropolitan High School. We appreciate the opportunity to respond to the Audit Results and Comments letter provided at the audit exit conference by Doug Whitham, the field auditor. We also appreciate the feedback Doug provided – it will help us improve our operations and provide an improved audit trail for important transactions and school records.

Regards,

A handwritten signature in black ink, appearing to read "Dan Riley", is written over the typed name.

Daniel J. Riley
Treasurer

enclosure

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
AUDIT RESULTS AND COMMENTS and **OFFICIAL RESPONSE**
07-01-07 to 06-30-09

PSPC: Document audit results and comments

BOARD APPROVAL OF ACCOUNTS PAYABLE VOUCHERS

During an audit of disbursements we noted where the School Board is not certifying Accounts Payable Vouchers or the Accounts Payable Voucher Register as required. The Treasurer is certifying the Accounts Payable Voucher Register and School Board allowance of vendor claims is noted in the School Board minutes; however, this is not sufficient.

Indiana Code 5-11-10-1.6 states in part:

(b) "As used in this section, "claim" means a bill or an invoice submitted to a governmental entity for goods or services."

(c) "The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Management's Response:

For the last two years, we have made review and approval of the voucher registers a formal board action item at each board meeting, and we have documented the same in the official board meeting minutes. The Treasurer also signed the printed voucher registers on behalf of the board. Going forward, beginning in April 2010, in addition to the steps outlined in this paragraph, the President and Board Chairman will sign the voucher registers. We believe this process will meet the SBOA's documentation requirements.

AVERAGE DAILY MEMBERSHIP (ADM) - INCORRECT REPORTING TO THE STATE

The lists of students supporting the Average Daily Membership counts reported to the state were not certified by the building level official as required.

Officials should maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM. The building level official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (The School Administrator and Uniform Compliance Guidelines, Volume 123, September 1993, and Volume 142, June 1998).

Management's Response:

All of the documentation for and in support of the school's ADM records are done electronically through the Indiana Department of Education (IDOE) website. All reports were submitted in a timely manner, and all ADM conflicts with other school were resolved within IDOE time requirements. While we believe we have complied with all IDOE requirements for ADM record-keeping, beginning with the 2010-11 school year, we will maintain paper copies of all final ADM count records, and our school's Chief Operating Officer will sign and file them to create a more complete audit trail.

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

On May 29 and 30, 2008, Coordinated and Program Reviews of the National School Lunch Program were performed by the Indiana Department of Education. During the course of the reviews, the following findings were noted:

Due to errors, incorrect eligibility status of students resulted in incorrect meals being recorded. All of the applications on file at the school were reviewed to determine whether households provided required information and whether the School Food Authority (SFA) properly approved applications. School Food Authorities must correctly approve applications.

Each type of food service line did not provide accurate point of service counts by type for breakfast and lunch meals served. Counts are to be correctly counted and recorded.

There was not sufficient evidence that the claim review process (edit check) was performed. A review of the breakfast and lunch count data is to be performed prior to the submission of the month's Claim for Reimbursement (CND-1).

On August 21, 2008, school officials responded to the findings describing corrective measures to be taken. On September 8, 2008, the Indiana Department of Education responded stating that all corrective actions outlined were acceptable and should correct the findings noted during the review.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Management's response:

We agree with the comments above, and as indicated by the SBOA, we have already taken the appropriate steps to address and correct these issues. We continue to work with the SFA on matters related to school food service.

PUBLIC RECORDS RETENTION

The school received a distribution for textbook assistance from the State for the 2007-08 school year. However, the Financial Assistance for Students Textbook Reimbursement claim form and related supporting documentation was not presented for audit.

School lunch Verification Summary Reports and related supporting documentation were not presented for audit for the 2007-08 and 2008-09 school years. Additionally, monthly school lunch reimbursement claim reports and related supporting documentation were not presented for audit for the period July 1, 2007 through June 30, 2009.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Management's response:

We concur with the SBOA's findings and will continue to improve our record retention policies and processes. Over the last two years, we have enhanced our business office staff in an effort to ensure all policies and procedures regarding record retention and other administrative matters are consistently followed in accordance with IDOE and SBOA requirements.

Indianapolis Metropolitan High School
Balance Sheet Condensed
As of May 31, 2012

	June 30, 12	Jun 30, 11
ASSETS		
Current Assets		
Checking/Savings	265,790.00	177,956.01
Accounts Receivable	1,943,385.70	1,761,913.57
Prepaid Expenses	1,306.70	12,420.66
Total Current Assets	2,210,482.40	1,952,290.24
Fixed Assets		
Textbooks	10,614.40	0.00
Vehicles	99,979.00	99,979.00
Cafeteria Equipment	23,499.00	23,499.00
Equipment	1,020,675.63	865,270.97
Computer Hardware	797,157.28	545,648.65
Software	276,097.75	161,848.25
Accumulated Depreciation	-1,601,300.09	-1,283,804.00
Total Fixed Assets	626,722.97	412,441.87
TOTAL ASSETS	2,837,205.37	2,364,732.11
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable - Vendors	203,645.21	108,054.70
Accounts Payable - GWI	58,783.15	37,556.72
Payroll Liabilities	0.00	1,423.25
Total Current Liabilities	262,428.36	147,034.67
Long Term Liabilities		
Common School Loan	1,182,998.20	1,182,998.20
Accrued Interest on CSL	103,105.82	68,737.22
Total Long Term Liabilities	1,286,104.02	1,251,735.42
Total Liabilities	1,548,532.38	1,398,770.09
Equity		
Net Assets	1,238,543.03	570,655.39
Temporarily Restricted	46,578.33	0.00
Net Income	3,551.63	395,306.63
Total Equity	1,288,672.99	965,962.02
TOTAL LIABILITIES & EQUITY	2,837,205.37	2,364,732.11

**Indianapolis Metropolitan High School
 Income Statement calendar year**

June 2012
Jun 12

Ordinary Income/Expense

Income

In-Kind Contribution	76,000.00
1611 · Student Lunch	6,332.30
1920 · Contributions & Donations	
Goodwill Foundation	-67,535.20
IPIC YouthWorks	-6,892.96
Other Gifts & Donations	0.00
Total 1920 · Contributions & Donations	-74,428.16
1994 · Other Overpayments & Reimb	0.00
1999 · Other	1,427.00
3111 · Basic Grant	287,750.59
3250 · Medicaid Reimbursement-State	858.60
4223 · Public Law 101-576 IDEA	2,746.61
4514 · Title I	148,360.50
4581 · Education Jobs	29,984.16
4590 · Innovative Title V	5,413.57
4599 · Title II	-6,660.38
4990 · TIF/TAP	8,219.51
Total Income	486,004.30

Expense

11300 · High School Instruction	
11300.110 Certified Salaries	156,862.12
11300.120 Non-Cert Salaries	7,150.79
11300.211 Soc Sec-Non-Cert	497.52
11300.212 Social Security-Cert	11,598.14
11300.216 TRF	12,377.19
11300.221 Group Life Insurance	550.70
11300.222 Group Health Ins	32,005.26
11300.224 Other Group Ins	1,398.37
11300.230 Unemployment Ins	502.37
11300.290 Other Employee Ben	177.47
11300.311 Instruction Services	20,831.45
11300.319 Other Prof/Tech Serv	15,964.68
11300.580 Travel	220.00
11300.611 Operational Supplies	23,822.05
11300.630 Textbooks	1,170.77
11300.748 Prof Development	-1,000.00
Total 11300 · High School Instruction	284,128.88
17900 · Payments to Other Govt Units	
17900.899 Excel Center Expense	8,645.24
Total 17900 · Payments to Other Govt Units	8,645.24
21220 · Counseling Services	
21220.110 Certified Salaries	11,000.00
21220.120 Non-Cert Salaries	8,233.71
21220.211 Soc Sec-Non-Cert	579.31
21220.212 Social Security-Cert	841.50
21220.216 TRF	682.50
21220.221 Group Life Insurance	59.67

Indianapolis Metropolitan High School
Income Statement calendar year

June 2012
Jun 12

21220.222 Group Health Ins	4,591.40
21220.224 Other Group Ins	114.80
21220.290 Other Employee Ben	417.21
21220.319 Other Prof/Tech Serv	0.00
21220.319 Student Assistance	392.90
21220.611 Operational Supplies	0.00
Total 21220 · Counseling Services	26,913.00

21810 · Serv Area Direction-Spec Ed Adm

21810.110 Certified Salaries	17,235.63
21810.120 Non-Cert Salaries	4,582.32
21810.211 Soc Sec-Non-Cert	323.08
21810.212 Social Security-Cert	1,240.83
21810.216 TRF	748.98
21810.221 Group Life Insurance	62.74
21810.222 Group Health Ins	7,146.34
21810.224 Other Group Ins	357.05
21810.290 Other Employee Ben	104.22
21810.319 Other Prof/Tech Serv	7,265.75
21810.580 Travel	0.00
21810.611 Operational Supplies	828.89
Total 21810 · Serv Area Direction-Spec Ed Adm	39,895.83

22130 · Instructional Staff Training

22130.312 Program Improvement	12,321.18
22130.319 Other Prof/Tech Serv	0.00
22130.580 Travel	3,783.29
22130.748 Prof Development	-1,200.55
Total 22130 · Instructional Staff Training	14,903.92

22360 · Network Support

22360.319 Other Prof/Tech Serv	1,860.06
22360.430 Repairs & Maint Serv	-373.32
22360.744 Connectivity	-6,232.26
Total 22360 · Network Support	-4,745.52

23210 · Office of the Superintendent

23210.110 Certified Salaries	4,821.15
23210.120 Non-Cert Salaries	18,544.74
23210.211 Soc Sec-Non-Cert	1,394.89
23210.212 Social Security-Cert	361.99
23210.216 TRF	329.83
23210.221 Group Life Insurance	68.74
23210.222 Group Health Ins	2,075.49
23210.224 Other Group Ins	113.67
23210.290 Other Employee Ben	259.29
23210.319 Other Prof/Tech Serv	168.31
23210.580 Travel	-95.78
23210.611 Operational Supplies	46.12
23210.748 Prof Development	35.00
Total 23210 · Office of the Superintendent	28,123.44

23220 · Community Relations

**Indianapolis Metropolitan High School
 Income Statement calendar year**

**June 2012
 Jun 12**

23220.540 Advertising	6,018.20
23220.550 Printing and Binding	0.00
Total 23220 · Community Relations	6,018.20
24100 · Office of the Principal	
24100.110 Certified Salaries	15,576.93
24100.120 Non-Cert Salaries	8,273.88
24100.211 Soc Sec-Non-Cert	512.50
24100.212 Social Security-Cert	1,154.88
24100.216 TRF	867.40
24100.221 Group Life Insurance	90.88
24100.222 Group Health Ins	5,140.10
24100.224 Other Group Ins	1,211.69
24100.290 Other Employee Ben	242.73
24100.319 Other Prof/Tech Serv	21,008.33
24100.531 Telephone	-6,424.80
24100.532 Postage/Machine Rent	1,130.25
24100.540 Advertising	-9.66
24100.550 Printing and Binding	216.09
24100.580 Travel	111.46
24100.611 Operational Supplies	905.14
24100.810 Dues & Fees	50.00
Total 24100 · Office of the Principal	50,057.80
25150 · Payroll Services	
25150.316 Data Processing Serv	308.59
Total 25150 · Payroll Services	308.59
25160 · Financial Accounting	
25160.319 Other Prof/Tech Serv	6,384.00
Total 25160 · Financial Accounting	6,384.00
25191 · Refund of Revenue	
25191.876 Refunds	12.30
Total 25191 · Refund of Revenue	12.30
25195 · Bank Account Service Charge	
25195.871 Bank Service Charges	32.81
Total 25195 · Bank Account Service Charge	32.81
25720 · Recruitment & Placement	
25720.319 Other Prof/Tech Serv	422.00
Total 25720 · Recruitment & Placement	422.00
26200 · Maintenance of Buildings	
26200.611 Operational Supplies	2,510.96
Total 26200 · Maintenance of Buildings	2,510.96
26600 · Security Services	
26600.120 Non-Cert Salaries	5,525.00
26600.211 Soc Sec-Non-Cert	422.65
Total 26600 · Security Services	5,947.65

Indianapolis Metropolitan High School
 Income Statement calendar year

June 2012
 Jun 12

26700 · Insurance	
26700.520 Insurance	-900.00
Total 26700 · Insurance	-900.00
27300 · Vehicle Servicing & Maintenance	
27300.430 Repairs & Maint Serv	2,559.41
27300.613 Gas & Lubricants	716.76
Total 27300 · Vehicle Servicing & Maintenance	3,276.17
27500 · Insurance on Buses	
27500.520 Insurance	913.43
Total 27500 · Insurance on Buses	913.43
27700 · Contracted Transportation Serv	
27700.510 Student Transp Serv	6,094.00
Total 27700 · Contracted Transportation Serv	6,094.00
31400 · Food Purchases	
31400.614 Food Purchases	12,972.27
Total 31400 · Food Purchases	12,972.27
31900 · Other Food Service	
31900.614 Other Food Service	5,323.70
Total 31900 · Other Food Service	5,323.70
33990 · Extra-Curricular Activity	
33990.120 Non-Cert Salaries	305.04
33990.211 Soc Sec-Non-Cert	23.33
33990.319 Other Prof/Tech Serv	1,950.00
33990.580 Travel	0.00
33990.611 Athletic Supplies	-146.65
33990.611 Extra-Curricular Sup	-60.95
33990.810 Dues & Fees	350.00
Total 33990 · Extra-Curricular Activity	2,420.77
45500 · Rent of Building & Equipment	
45500.440 Building Rent	62,666.67
45500.440 Equipment Rental	1,654.08
Total 45500 · Rent of Building & Equipment	64,320.75
46000 · Purchase of Moveable Equipment	
46000.730 Equipment	543.26
46000.741 Computer Hardware	340.28
46000.747 Software	7,113.04
Total 46000 · Purchase of Moveable Equipment	7,996.58
54250 · Interest on Common School Loan	
54250.832 Interest Payment	2,864.05
Total 54250 · Interest on Common School Loan	2,864.05
60700 · Scholarships	
60700.313 Pupil Services	-19,035.46

Indianapolis Metropolitan High School Income Statement calendar year

June 2012
Jun 12

Total 60700 · Scholarships	<u>-19,035.46</u>
Depreciation Expense	<u>29,744.65</u>
Total Expense	<u>585,550.01</u>
Net Ordinary Income	<u>-99,545.71</u>
Net Income	<u><u>-99,545.71</u></u>

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENT EXAMINATION REPORT

OF

EXCEL CENTER FOR ADULT LEARNERS

MARION COUNTY, INDIANA

July 1, 2010 to June 30, 2011



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Statement:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	6
Notes to Financial Statement.....	7-10
Supplementary Information:	
Combining Schedule of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	12
Schedule of Capital Assets.....	13
Schedule of Long-Term Debt	14
Examination Results and Comments:	
Average Daily Membership (ADM) – Lack of Records.....	15
Textbook Reimbursement Claims	15
Credit Cards.....	15-16
Payroll Disbursements.....	17
Exit Conference.....	18
Official Response	19-21

OFFICIALS

Treasurer	Daniel J. Riley	07-01-10 to 06-30-12
Business Manager/ Assistant Treasurer	Tina Sherrard	07-01-10 to 06-30-12
Principal/Chief Operating Officer (COO)	Scott Bess	07-01-10 to 06-30-12
Chairman of the School Board	C. Perry Griffith, Jr.	07-01-10 to 06-30-12
President of Goodwill Education Initiatives	James McClelland	07-01-10 to 06-30-12



INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF EXCEL LEARNING CENTER
FOR ADULT LEARNERS, MARION COUNTY, INDIANA

We have examined the financial statement of Excel Center for Adult Learners (School Corporation), for the period of July 1, 2010 to June 30, 2011. The School Corporation's management is responsible for the financial statement. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the year ended June 30, 2011, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

The School Corporation's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management and School Board, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

March 14, 2012

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FINANCIAL STATEMENT

The financial statement and accompanying notes were prepared by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

EXCEL CENTER FOR ADULT LEARNERS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2011

	Cash and Investments 06-30-10	Receipts	Disbursements	Cash and Investments 06-30-11
General	-	2,165,789	1,935,637	230,152
Textbook Rental	-	45,441	7,286	38,155
Grant Funds	-	64,584	64,322	262
IDEA	-	35,002	42,704	(7,702)
Public Charter School ESEA Title X, Part C	-	-	204,006	(204,006)
Totals	<u>\$ -</u>	<u>\$ 2,310,816</u>	<u>\$ 2,253,955</u>	<u>\$ 56,861</u>

The notes to the financial statement are an integral part of this statement.

EXCEL CENTER FOR ADULT LEARNERS
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

State sources which include distributions from the State of Indiana to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

EXCEL CENTER FOR ADULT LEARNERS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Federal sources which include distributions from the federal government to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations, and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

EXCEL CENTER FOR ADULT LEARNERS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is subject to final approval by the School Corporation's chartering agency.

Note 3. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 4. Risk Management

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the School Corporation by recording as a disbursement and replacement items purchased.

Note 5. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members'

EXCEL CENTER FOR ADULT LEARNERS
NOTES TO FINANCIAL STATEMENTS
(Continued)

contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the School Corporation. It is presented as intended by the School Corporation.

EXCEL CENTER FOR ADULT LEARNERS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
 AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Textbook Rental	Grant Funds	IDEA	Public Charter School ESEA Title X, Part C	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Local sources	12,613	-	64,584	-	-	77,197
State sources	985,006	45,441	-	-	-	1,030,447
Federal sources	-	-	-	35,002	-	35,002
Temporary loans	1,168,170	-	-	-	-	1,168,170
Total receipts	<u>2,165,789</u>	<u>45,441</u>	<u>64,584</u>	<u>35,002</u>	<u>-</u>	<u>2,310,816</u>
Disbursements:						
Current:						
Instruction	342,571	7,286	8,426	-	62,104	420,387
Support services	980,115	-	51,306	42,704	116,185	1,190,310
Noninstructional services	41,938	-	778	-	-	42,716
Facilities acquisition and construction	366,237	-	3,812	-	25,717	395,766
Debt services	202,100	-	-	-	-	202,100
Nonprogrammed charges	2,676	-	-	-	-	2,676
Total disbursements	<u>1,935,637</u>	<u>7,286</u>	<u>64,322</u>	<u>42,704</u>	<u>204,006</u>	<u>2,253,955</u>
Excess (deficiency) of receipts over disbursements	<u>230,152</u>	<u>38,155</u>	<u>262</u>	<u>(7,702)</u>	<u>(204,006)</u>	<u>56,861</u>
Cash and investments - ending	<u>\$ 230,152</u>	<u>\$ 38,155</u>	<u>\$ 262</u>	<u>\$ (7,702)</u>	<u>\$ (204,006)</u>	<u>\$ 56,861</u>

EXCEL CENTER FOR ADULT LEARNERS
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Other:	
Capital assets, not being depreciated:	
Improvements other than buildings	<u>\$ 219,108</u>

EXCEL CENTER FOR AUDIT LEARNERS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Common School Loan, dated 09-24-10	\$ 875,716	\$ -

EXCEL CENTER FOR ADULT LEARNERS
EXAMINATION RESULTS AND COMMENTS

AVERAGE DAILY MEMBERSHIP (ADM) - SUPPORTING DOCUMENTATION

School records to support the ADM claimed by the School Corporation for the September 17, 2010 count date were not presented for audit. Documentation presented for audit included electronic files that were generated from information obtained from the Indiana Department of Education's (IDOE) website. Therefore, ADM could not be verified to the schools records.

Indiana Code 5-15-6-3(f) states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

TEXTBOOK REIMBURSEMENT CLAIM

Textbook Reimbursement Claims presented for the examination period were not properly calculated. The claims included disbursements for educational materials that were not textbooks or consumables. Additionally, the amounts included were for the total amounts paid. Reimbursement amounts should be calculated based on a per pupil cost for textbooks and consumables for each grade and multiplied by the number of eligible students to determine the amount to be included as costs on the claim for reimbursement. Sufficient information was not provided to determine the correct reimbursement amounts for 2010-2011.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CREDIT CARDS

During the examination period, the School Corporation utilized a credit card to make purchases. Credit card claims were not itemized and did not indicate which fund(s) the disbursements were made from.

Additionally, sufficient supporting documentation was not provided for seven of the ten credit card claims reviewed.

- Credit card purchases totaling \$2,075 did not have original receipts or invoices or were supported only by the credit card slip which did not include itemization of the purchases.

EXCEL CENTER FOR ADULT LEARNERS
EXAMINATION RESULTS AND COMMENTS
(Continued)

- Sales tax was paid on some credit card purchases. The total amount of sales tax paid was \$32.55; however, additional amounts may have been paid on other purchases that did not have supporting documentation.
- Gift cards totaling \$100 were purchased for student and staff incentives and awards. Documentation was not provided to determine who received the gift cards.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

EXCEL CENTER FOR ADULT LEARNERS
EXAMINATION RESULTS AND COMMENTS
(Continued)

PAYROLL DISBURSEMENTS

During the examination period, salaries and wages were not established by a formal salary resolution or schedule approved and signed by the governing board. The total amount budgeted for salaries and wages was approved by the School Board. However individual salaries and wages were not approved by the School Board.

Salaries and wages were determined by Goodwill Industries and offer letters were sent to employees. After employees accepted the offers, the human resources department of Goodwill Industries would send an "Employee Status Change Form" to the Business Manager at the School. The "Employee Status Change Form" was signed by various Goodwill Industries employees. The School's Business Manager and an assistant entered "authorized" salaries and wages into the payroll system. New "Employee Status Change Forms" were to be completed for any changes in salaries and wages.

One employee tested had a change in salary and six employees were paid bonuses that did not have "Employee Status Change Forms."

Additionally, three employees tested were contracted employees, but contracts were not presented for examination.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

Indiana Code 5-15-6-3(f) states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

EXCEL CENTER FOR ADULT LEARNERS
EXIT CONFERENCE

The contents of this report were discussed on March 14, 2012, with Daniel J. Riley, Treasurer; Scott Bess, Principal/Chief Operating Officer (COO); Tina Sherrard, Business Manager/Assistant Treasurer; C. Perry Griffith Jr., Chairman of the School Board; and James McClelland, President of Goodwill Education Initiatives. The Official Response has been made a part of this report and may be found on pages 19 through 21.

March 15, 2012

Indiana State Board of Accounts
302 West Washington Street Room E418
Indianapolis, Indiana 46204-2765

RE: Goodwill Education Initiatives, Inc.
The Excel Center
Written Response to SBOA Audit Results and Comments

State Board of Accounts,

Goodwill Education Initiatives, Inc. and The Excel Center appreciate the opportunity to respond to SBOA's audit results and comments. We also appreciate the courtesy and expediency with which your staff conducted the biennial audit of The Excel Center.

Audit Comments: AVERAGE DAILY MEMBERSHIP (ADM) – SUPPORTING DOCUMENTATION

Management Response:

It is our understanding that SBOA and the Indiana Department of Education (DOE) differ in their interpretations regarding what constitutes adequate supporting documentation for ADM. We followed DOE's prescribed compliance requirements for substantiating our ADM. Going forward the SBOA would like to see a report, generated from our student management system, of the students reported per grade level with written remarks of any adjustments or corrections made before final submission of our count-day ADM. The report should have the superintendent's signature in addition to the ADM signature page that verifies the students submitted matches the final count submitted. This process will be implemented and followed for future school years.

Audit Comments: TEXTBOOK REIMBURSEMENT CLAIMS

Management Response:

We concur with SBOA that calculations used for determining textbook reimbursement were not fully consistent with DOE procedures. As stated by the SBOA auditor, instructions for textbook reimbursement are not entirely clear, and that findings are frequently cited for schools new to the process or with personnel who are new to the process. While the full cost of some textbook materials (including certain computer software fees) can be included with the full purchase price applied across our free/reduced student population, we now understand that other items must have the cost spread out over five years. Our business management staff will work directly with the Department of Education

finance staff to reconcile our filing in error with the correct calculations and to receive in depth training on the proper preparation of the reimbursement report.

Audit Comments: FUND SOURCES AND USES (BARRIER REMOVAL PROGRAM)

Management Response:

A number of our students have extraordinarily difficult home lives and face many challenges in their educational lives. Quite often, such students are unable to do school work, study, read, or even come to school due to crises in their homes and personal lives. To the extent we are able, we will assist a student and/or his or her family by helping remove a barrier to their education. Assistance with rent, utilities, transportation or clothing often allows a student to stay in or return to school and continue their education and progress towards graduation. We are not aware of a prohibition against using general fund dollars to provide occasional assistance to students and families in dire need of help.

Audit Comment: CREDIT CARDS

Management Response:

We have found the use of corporate purchasing cards (p-cards) to be a convenient, efficient way for staff to make purchases for field trips, events, non-recurring items, etc. The p-card program we utilize allows us to set transaction and account limits, set geographic boundaries, and control the types of transactions cardholders can make. Each cardholder signs a p-card policy which indicates proper use of and documentation requirements for p-card purchases. In addition, the same individuals are provided with a copy of the current Indiana ST-105 (sales tax exemption certificate) for the school. They are instructed to present the exemption certificate with all purchases, p-card or otherwise. We concur with SBOA's findings that the documentation supporting p-card purchases is sometimes inconsistent, and sales taxes have been incorrectly paid on occasion. We have re-emphasized our internal documentation requirements, and will revoke p-card privileges for individuals who do not comply with our policies.

SBOA also commented on the use of gift cards as incentives for students and staff, and that controls can be improved for tracking gift card recipients and the reasons for the awards. We will implement a complete inventory system for incentive gift cards so that we can easily track the number and dollar value of cards purchased and the distribution of the gift cards to recipients.

Audit Comments: PAYROLL DISBURSEMENTS

Management Response:

SBOA is accustomed to seeing formal salary resolutions and/or salaries governed by collective bargaining agreements. Because The Excel Center does not have collective bargaining arrangements, salaries are approved by the Board of Directors via the annual budget process. When the annual budget is finalized and submitted to the Board for review and approval, a key element of the budget package is a list of current and budgeted salaries for existing employees, and projected salaries for new positions. The board considers the budget as a whole, and based on its review and questions regarding the detailed information and assumptions contained therein, approves it in its entirety for the coming school year. Within the approved budget, school leadership has the ability to manage salaries as it sees fit, recognizing and rewarding performance (and adjusting as needed where lack of performance is

evident). It has been the Board's philosophy, and school leadership's intent, to manage within the total approved budget for each school year. Going forward, the Board will consider in greater detail the budgeted salaries schedule that lists all existing and new positions. The Board will also designate the Chief Operating Officer and Treasurer or Assistant Treasurer (in the Treasurer's absence) to sign off on all salary adjustments during a school year.

We look forward to working with the SBOA team in the future.

Regards,

Daniel J. Riley
Treasurer, Goodwill Education Initiatives, Inc.

The Excel Center
Balance Sheet
As of June 30, 2012

	<u>June 31, 12</u>	<u>Jun 30, 11</u>
ASSETS		
Current Assets		
Checking/Savings	177,631.92	56,861.22
Accounts Receivable	2,836,688.73	1,196,205.38
Prepaid Expenses	185,481.81	4,312.75
Total Current Assets	<u>3,199,802.46</u>	<u>1,257,379.35</u>
Fixed Assets		
Impr Other Than Bldg	5,880.00	0.00
Equipment	494,207.67	129,643.00
Computer Hardware	546,473.99	84,865.24
Software	379,720.76	4,600.00
Accumulated Depreciation	-319,163.71	-49,216.46
Total Fixed Assets	<u>1,107,118.71</u>	<u>169,891.78</u>
TOTAL ASSETS	<u>4,306,921.17</u>	<u>1,427,271.13</u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable - Vendors	261,550.97	28,365.19
Accounts Payable - GWI	135,599.52	9,622.41
Payroll Liabilities	0.00	1,222.84
Total Current Liabilities	<u>397,150.49</u>	<u>39,210.44</u>
Long Term Liabilities		
Common School Loan	2,637,127.72	875,715.72
Accrued interest on CSL	61,501.50	0.00
Loan from Goodwill Industries	0.00	100,000.00
Total Long Term Liabilities	<u>2,698,629.22</u>	<u>975,715.72</u>
Total Liabilities	<u>3,095,779.71</u>	<u>1,014,926.16</u>
Equity		
Temporarily Restricted Funds	0.00	0.00
Retained Earnings	1,072,198.25	0.00
Net Income	138,943.21	412,344.97
Total Equity	<u>1,211,141.46</u>	<u>412,344.97</u>
TOTAL LIABILITIES & EQUITY	<u>4,306,921.17</u>	<u>1,427,271.13</u>

The Excel Center
Income Statement
June 2012

	Jun 12	Jun 11	% Change	Jan - Jun 12
Income				
In Kind Support from Goodwill	52,500.00	0.00	100.0%	52,500.00
1920 · Contributions & Donations				
1920 IPIC/Prioritize	48,887.67	0.00	100.0%	9,887.51
1920 Rueben	30,668.20	0.00	100.0%	261,269.90
1920 Walton	137,834.72	0.00	100.0%	547,876.60
1920 Other Contributions	0.00	0.00	0.0%	3,000.00
Total 1920 · Contributions & Donations	217,390.59	0.00	100.0%	822,034.01
1994 · Other Overpayments & Reimb	1.28	0.00	100.0%	1.28
3111 · Basic Grant	345,305.83	168,057.70	105.47%	2,642,012.17
3120 · Choice Savings	0.00	0.00	0.0%	3,513.36
3199 · Remediation/Preventive Remed	0.00	0.00	0.0%	833.63
3910 · Textbook Reimbursements	0.00	0.00	0.0%	35,150.63
4223 · Public Law 101-476 IDEA	1,437.79	4,636.72	-68.99%	44,806.77
4599 · Federal Grant Income	255,025.35	1,006.24	25,244.39%	381,125.69
6410 · Insurance (Claims for Losses)	20,606.54	0.00	100.0%	20,606.54
Total Income	892,267.38	173,700.66	413.68%	4,002,584.08
Gross Profit	892,267.38	173,700.66	413.68%	4,002,584.08
Expense				
13100 · Adult Basic Education				
13100.110 Certified Salaries	101,787.80	21,472.08	374.05%	474,870.23
13100.120 Non-Cert Salaries	21,395.85	0.00	100.0%	100,407.30
13100.211 Soc Sec-Non-Cert	1,543.86	0.00	100.0%	7,212.34
13100.212 Social Security-Cert	7,506.23	1,605.97	367.4%	34,924.49
13100.216 TRF	8,156.31	2,632.71	209.81%	48,573.89
13100.221 Group Life Insurance	358.30	107.80	232.38%	1,433.46
13100.222 Group Health Ins	26,773.36	2,998.80	792.8%	113,675.70
13100.224 Other Group Ins	779.63	10.18	7,558.45%	3,408.65
13100.225 Workers Comp Ins	0.00	-534.53	100.0%	5,271.00
13100.230 Unemployment Ins	744.95	181.34	310.8%	28,047.54
13100.290 Other Employee Ben	0.00	0.00	0.0%	-1,233.49
13100.311 Instruction Services	60,219.00	0.00	100.0%	138,604.83
13100.319 Other Prof/Tech Serv	12,675.00	7,500.00	69.0%	37,811.47
13100.580 Travel	168.34	0.00	100.0%	516.19
13100.611 Operational Supplies	3,409.35	715.59	376.44%	14,247.61
13100.630 Textbooks	-1,738.72	0.00	-100.0%	178.04
Total 13100 · Adult Basic Education	243,779.26	36,689.94	564.43%	1,007,949.25
17900 · Payments to Other Govt Units				
17900.899 Met Center Expense	-8,576.49	0.00	-100.0%	1,871.55
Total 17900 · Payments to Other Govt Units	-8,576.49	0.00	-100.0%	1,871.55
21220 · Counseling Services				
21220.110 Certified Salaries	10,474.02	0.00	100.0%	33,151.78
21220.120 Non-Cert Salaries	96,464.10	28,328.88	240.52%	462,400.27
21220.211 Soc Sec-Non-Cert	7,089.47	2,080.46	240.77%	33,596.01
21220.212 Social Security-Cert	792.10	0.00	100.0%	2,196.65
21220.216 TRF	1,694.05	0.00	100.0%	4,790.66
21220.221 Group Life Insurance	439.54	122.29	259.42%	1,586.18
21220.222 Group Health Ins	22,114.50	4,408.81	401.6%	91,972.34
21220.224 Other Group Ins	447.77	50.35	789.32%	2,000.67
21220.290 Other Employee Ben	1,120.43	312.76	258.24%	4,418.67
21220.319 Student Assistance	299.87	0.00	100.0%	5,671.07
21220.319 Other Prof/Tech Serv	0.00	218.75	-100.0%	531.71
21220.611 Operational Supplies	0.00	0.00	0.0%	38.50
Total 21220 · Counseling Services	140,935.85	35,522.30	296.75%	642,354.51
21810 · Serv Area Direction-Spec Ed Adm				
21810.110 Certified Salaries	12,135.78	5,959.23	103.65%	89,976.07
21810.120 Non-Cert Salaries	3,461.52	2,969.23	16.58%	16,153.76
21810.211 Soc Sec-Non-Cert	264.99	227.15	16.66%	1,236.43
21810.212 Social Security-Cert	754.58	424.98	77.56%	5,985.93
21810.216 TRF	363.19	466.44	-22.14%	5,861.79
21810.221 Group Life Insurance	-888.78	35.66	-2,592.37%	331.15

The Excel Center
Income Statement
June 2012

	Jun 12	Jun 11	% Change	Jan - Jun 12
21810.222 Group Health Ins	3,806.88	2,378.36	60.06%	16,183.31
21810.224 Other Group Ins	2,081.23	28.04	7,322.36%	7,261.77
21810.290 Other Employee Ben	312.60	134.90	131.73%	1,354.64
21810.319 Other Prof/Tech Serv	7,099.00	1,220.00	481.89%	28,326.00
21810.611 Operational Supplies	0.00	0.00	0.0%	667.00
Total 21810 · Serv Area Direction-Spec Ed Adm	29,390.99	13,843.99	112.3%	173,337.85
22130 · Instructional Staff Training				
22130.312 Program Improvement	2,939.00	0.00	100.0%	5,079.00
22130.580 Travel	11.25	0.00	100.0%	2,840.91
22130.748 Prof Development	130.00	0.00	100.0%	23,499.49
Total 22130 · Instructional Staff Training	3,080.25	0.00	100.0%	31,419.40
22360 · Network Support				
22360.319 Other Prof/Tech Serv	57,183.27	2,735.00	1,990.8%	95,281.38
22360.430 Repairs & Maint Serv	1,108.30	0.00	100.0%	2,832.45
22360.744 Connectivity	12,693.26	0.00	100.0%	34,368.38
Total 22360 · Network Support	70,984.83	2,735.00	2,495.42%	132,482.21
23210 · Office of the Superintendent				
23210.110 Certified Salaries	14,463.46	1,972.68	633.19%	31,389.16
23210.120 Non-Cert Salaries	50,034.96	13,557.62	269.05%	181,648.82
23210.211 Soc Sec-Non-Cert	3,756.27	998.98	276.01%	13,611.81
23210.212 Social Security-Cert	1,085.97	150.92	619.57%	2,380.82
23210.216 TRF	323.12	310.70	4.0%	2,100.33
23210.221 Group Life Insurance	206.21	91.45	125.49%	817.88
23210.222 Group Health Ins	6,226.12	1,516.12	310.66%	20,428.89
23210.224 Other Group Ins	341.02	266.39	28.02%	1,406.07
23210.290 Other Employee Ben	777.85	126.34	515.68%	2,457.67
23210.312 Program Improvement	1,833.93	0.00	100.0%	1,833.93
23210.319 Other Prof/Tech Serv	52.02	0.00	100.0%	5,443.57
23210.580 Travel	9.00	0.00	100.0%	391.53
23210.611 Operational Supplies	164.23	0.00	100.0%	3,665.66
23210.748 Prof Deveopment	-431.25	0.00	-100.0%	0.00
23210.810 Dues & Fees	0.00	0.00	0.0%	15.00
Total 23210 · Office of the Superintendent	78,842.91	18,991.20	315.16%	267,591.14
23220 · Community Relations				
23220.540 Advertising	1,391.23	-175.00	894.99%	7,212.09
23220.550 Printing and Binding	173.20	1,385.71	-87.5%	1,235.13
23220.611 Operational Supplies	28.98	0.00	100.0%	299.31
Total 23220 · Community Relations	1,593.41	1,210.71	31.61%	8,746.53
24100 · Office of the Principal				
24100.110 Certified Salaries	55,130.82	12,524.84	340.17%	200,804.82
24100.120 Non-Cert Salaries	21,802.50	6,153.84	254.29%	123,293.60
24100.211 Soc Sec-Non-Cert	1,774.67	452.69	292.03%	9,650.80
24100.212 Social Security-Cert	3,862.45	925.81	317.2%	14,115.13
24100.216 TRF	4,460.61	956.99	366.11%	19,994.05
24100.221 Group Life Insurance	248.97	96.18	158.86%	915.01
24100.222 Group Health Ins	19,131.90	3,698.28	417.32%	63,434.49
24100.224 Other Group Ins	523.86	114.32	358.24%	2,271.49
24100.290 Other Employee Ben	286.68	0.00	100.0%	1,122.81
24100.319 Other Prof/Tech Serv	73,757.50	3,793.79	1,844.16%	197,714.43
24100.531 Telephone	16,231.82	0.00	100.0%	16,688.86
24100.532 Postage/Machine Rent	422.73	232.50	81.82%	2,584.98
24100.550 Printing and Binding	0.00	0.00	0.0%	4,260.34
24100.580 Travel	54.99	24.99	120.05%	387.43
24100.611 Operational Supplies	4,668.59	2,272.52	105.44%	13,029.05
24100.810 Dues & Fees	0.00	0.00	0.0%	1,662.08
Total 24100 · Office of the Principal	202,358.09	31,246.75	547.61%	671,929.37
25150 · Payroll Services				
25150.314 Staff Services	0.00	525.77	-100.0%	0.00
25150.316 Data Processing Serv	925.72	0.00	100.0%	6,104.34
Total 25150 · Payroll Services	925.72	525.77	76.07%	6,104.34

The Excel Center
Income Statement
June 2012

	Jun 12	Jun 11	% Change	Jan - Jun 12
25160 · Financial Accounting				
25160.319 Other Prof/Tech Serv	7,452.00	2,750.00	170.98%	35,746.88
Total 25160 · Financial Accounting	7,452.00	2,750.00	170.98%	35,746.88
25195 · Bank Account Service Charges				
25195.871 Bank Service Charges	68.41	71.63	-4.5%	286.33
Total 25195 · Bank Account Service Charges	68.41	71.63	-4.5%	286.33
25720 · Recruitment & Placement				
25720.319 Other Prof/Tech Serv	485.50	0.00	100.0%	1,096.75
Total 25720 · Recruitment & Placement	485.50	0.00	100.0%	1,096.75
26200 · Maintenance of Buildings				
26200.319 Other Prof/Tech Serv	2,391.20	0.00	100.0%	6,357.20
26200.411 Water & Sewage	216.64	0.00	100.0%	1,280.48
26200.412 Removal of Refuse	111.70	0.00	100.0%	707.85
26200.420 Cleaning Services	5,150.00	0.00	100.0%	33,625.95
26200.430 Repairs & Maint Serv	1,505.94	136.91	999.95%	17,910.58
26200.611 Operational Supplies	1,577.54	0.00	100.0%	10,307.80
26200.621 Electricity	2,833.56	0.00	100.0%	14,862.46
26200.622 Gas Utilities	436.94	0.00	100.0%	9,779.04
Total 26200 · Maintenance of Buildings	14,223.52	136.91	10,288.96%	94,831.36
26300 · Maintenance of Grounds				
26300.319 Other Prof/Tech Serv	690.00	0.00	100.0%	5,216.00
Total 26300 · Maintenance of Grounds	690.00	0.00	100.0%	5,216.00
26400 · Maintenance of Equipment				
26400.319 Other Prof/Tech Serv	0.00	0.00	0.0%	3,120.97
Total 26400 · Maintenance of Equipment	0.00	0.00	0.0%	3,120.97
26600 · Security Services				
26600.319 Other Prof/Tech Serv	6,108.69	0.00	100.0%	30,965.23
Total 26600 · Security Services	6,108.69	0.00	100.0%	30,965.23
26700 · Insurance				
26700.520 Insurance	-2,700.00	796.00	-439.2%	6,197.00
Total 26700 · Insurance	-2,700.00	796.00	-439.2%	6,197.00
27500 · Insurance on Buses				
27500.520 Insurance	93.75	192.00	-51.17%	-73.93
Total 27500 · Insurance on Buses	93.75	192.00	-51.17%	-73.93
27700 · Contracted Transportation Serv				
27700.510 Student Transp Serv	9,172.50	6,600.00	38.98%	89,272.50
Total 27700 · Contracted Transportation Serv	9,172.50	6,600.00	38.98%	89,272.50
31900 · Other Food Service				
31900.614 Food Purchases	1,672.47	109.29	1,430.31%	12,891.86
Total 31900 · Other Food Service	1,672.47	109.29	1,430.31%	12,891.86
33990 · Daycare				
33990.120 Non-Cert Salaries	25,076.30	3,487.70	618.99%	104,856.80
33990.211 Soc Sec-Non-Cert	1,891.91	264.04	616.52%	7,901.68
33990.221 Group Life Insurance	33.06	17.56	88.27%	135.29
33990.222 Group Health Ins	1,280.60	53.40	2,298.13%	5,646.62
33990.224 Other Group Ins	8.45	0.00	100.0%	25.35
33990.580 Travel	63.77	0.00	100.0%	254.92
33990.611 Operational Supplies	681.77	0.00	100.0%	8,578.43
33990.614 Food Purchases	142.37	0.00	100.0%	142.37
Total 33990 · Daycare	29,178.23	3,822.70	663.29%	127,541.46
45500 · Rent of Building & Equipment				
45500.440 Building Rent	38,559.47	157,000.00	-75.44%	215,729.58
45500.730 Equipment	2,763.65	1,168.00	136.61%	15,880.86
Total 45500 · Rent of Building & Equipment	41,323.12	158,168.00	-73.87%	231,610.44

The Excel Center
Income Statement
 June 2012

	Jun 12	Jun 11	% Change	Jan - Jun 12
46000 · Equipment Expense				
46000.730 Equipment	1,422.49	0.00	100.0%	5,085.71
46000.741 Computer Hardware	82.05	0.00	100.0%	3,407.51
46000.747 Software	9,756.66	208.33	4,583.27%	46,449.27
Total 46000 · Equipment Expense	11,261.20	208.33	5,305.46%	54,942.49
54250.832 CSL Interest Payment	6,228.16	1,071.81	481.09%	43,987.14
60700 · Scholarships				
60700.313 Pupil Services	0.00	747.30	-100.0%	0.00
Total 60700 · Scholarships	0.00	747.30	-100.0%	0.00
Depreciation Expense	33,296.05	4,645.86	616.68%	182,222.24
Total Expense	921,868.42	320,085.49	188.01%	3,863,640.87
Net Income	-29,601.04	-146,384.83	79.78%	138,943.21

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC.
AND SUBSIDIARIES

FINANCIAL STATEMENTS

Together with Independent Auditors' Report

DECEMBER 31, 2011

GREENWALT^{CPAs}

We Deliver Peace of Mind

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

TABLE OF CONTENTS

DECEMBER 31, 2011

Independent Auditors' Report	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Activities	3
Consolidated Statement of Functional Expenses	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6



Greenwalt CPAs, Inc.
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Indianapolis, IN 46224
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Goodwill Industries of Central Indiana, Inc. and subsidiaries:

We have audited the accompanying consolidated statement of financial position of Goodwill Industries of Central Indiana, Inc. (an Indiana non-profit corporation) and subsidiaries (Goodwill) as of December 31, 2011, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Goodwill's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Goodwill's January 1, 2011 financial statements and in our report dated March 9, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Goodwill Industries of Central Indiana, Inc. and subsidiaries as of December 31, 2011 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Greenwalt CPAs, Inc.

March 13, 2012

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011 WITH SUMMARIZED COMPARATIVE INFORMATION AS OF JANUARY 1, 2011

ASSETS	Unrestricted	Temporarily Restricted	Eliminations	Totals	
				December 31, 2011	January 1, 2011
CURRENT ASSETS					
Cash and cash equivalents	\$ 901,921	\$ 688,170	\$ -	\$ 1,590,091	\$ 2,361,568
Trade accounts receivable, net	3,546,932	-	-	3,546,932	2,846,774
Charter school accounts receivable	4,906,283	-	-	4,906,283	2,691,117
Other receivables, net	1,171,395	-	-	1,171,395	493,828
Inventories	3,590,423	-	-	3,590,423	3,969,826
Prepayments	1,001,981	-	-	1,001,981	1,132,101
Due from other funds	-	16,794	(16,794)	-	-
<i>Total current assets</i>	<u>15,118,935</u>	<u>704,964</u>	<u>(16,794)</u>	<u>15,807,105</u>	<u>13,495,214</u>
LONG-TERM ASSETS					
Land and improvements	9,950,379	-	-	9,950,379	10,365,542
Buildings and improvements	28,907,061	-	-	28,907,061	28,658,747
Equipment	21,581,437	-	-	21,581,437	18,481,982
Projects in progress	3,604,502	-	-	3,604,502	254,934
	<u>64,043,379</u>	<u>-</u>	<u>-</u>	<u>64,043,379</u>	<u>57,761,205</u>
Accumulated depreciation	(23,434,995)	-	-	(23,434,995)	(19,901,816)
<i>Net property and equipment</i>	<u>40,608,384</u>	<u>-</u>	<u>-</u>	<u>40,608,384</u>	<u>37,859,389</u>
Investments	7,416,241	-	-	7,416,241	4,775,593
Deposits	37,803	-	-	37,803	37,803
Other assets	104,612	-	-	104,612	111,586
<i>Total long-term assets</i>	<u>48,167,040</u>	<u>-</u>	<u>-</u>	<u>48,167,040</u>	<u>42,784,371</u>
	<u>\$ 63,285,975</u>	<u>\$ 704,964</u>	<u>\$ (16,794)</u>	<u>\$ 63,974,145</u>	<u>\$ 56,279,585</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Bank line of credit	\$ 214,404	\$ -	\$ -	\$ 214,404	\$ 1,135,279
Current portion of bonds, notes and capital leases payable	1,089,747	-	-	1,089,747	1,271,233
Accounts payable	5,633,624	-	-	5,633,624	4,012,852
Accrued liabilities	4,235,018	-	-	4,235,018	4,428,081
Due to other funds	16,794	-	(16,794)	-	-
<i>Total current liabilities</i>	<u>11,189,587</u>	<u>-</u>	<u>(16,794)</u>	<u>11,172,793</u>	<u>10,847,445</u>
LONG-TERM LIABILITIES					
Bonds, notes and capital leases payable	13,646,091	-	-	13,646,091	12,975,687
Other long-term liabilities	1,020,141	-	-	1,020,141	989,766
<i>Total long-term liabilities</i>	<u>14,666,232</u>	<u>-</u>	<u>-</u>	<u>14,666,232</u>	<u>13,965,453</u>
<i>Total liabilities</i>	25,855,819	-	(16,794)	25,839,025	24,812,898
COMMITMENTS AND CONTINGENCIES (NOTES 8, 11, 12 AND 14)					
NET ASSETS	<u>37,430,156</u>	<u>704,964</u>	<u>-</u>	<u>38,135,120</u>	<u>31,466,687</u>
	<u>\$ 63,285,975</u>	<u>\$ 704,964</u>	<u>\$ (16,794)</u>	<u>\$ 63,974,145</u>	<u>\$ 56,279,585</u>

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JANUARY 1, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>December 31, 2011</u>	<u>January 1, 2011</u>
REVENUE				
Sales - donated goods	\$ 68,349,596	\$ -	\$ 68,349,596	\$ 57,543,204
Sales - purchased goods	6,153,030	-	6,153,030	5,460,785
Commercial services	13,708,122	-	13,708,122	14,182,639
Workforce services	3,682,986	-	3,682,986	4,985,010
Education services	9,756,163	-	9,756,163	5,019,613
Interest and dividend income	156,216	-	156,216	186,660
Realized gain on investments	9,460	-	9,460	4,321
Unrealized gain (loss) on investments	(69,251)	-	(69,251)	6,803
Net gain on disposition of property	255,833	-	255,833	271,058
Loss on interest rate swap hedge	(72,498)	-	(72,498)	(90,888)
Other, net	552,036	-	552,036	547,477
<i>Total revenue</i>	<u>102,481,693</u>	<u>-</u>	<u>102,481,693</u>	<u>88,116,682</u>
SUPPORT				
United Way of Central Indiana, Inc.				
Allocation	381,655	-	381,655	383,686
Technology grant	-	-	-	25,000
Annual and capital campaign contributions	56,032	-	56,032	30,268
Other contributions	2,133,904	688,170	2,822,074	506,399
<i>Total support</i>	<u>2,571,591</u>	<u>688,170</u>	<u>3,259,761</u>	<u>945,353</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>5,849</u>	<u>(5,849)</u>	<u>-</u>	<u>-</u>
<i>Total revenue and support</i>	<u>105,059,133</u>	<u>682,321</u>	<u>105,741,454</u>	<u>89,062,035</u>
EXPENSES				
Retail and commercial services	74,141,866	-	74,141,866	64,375,782
Workforce services	4,004,155	-	4,004,155	5,301,972
Education services	10,720,582	-	10,720,582	7,324,258
General and administrative	9,912,195	-	9,912,195	8,943,444
Fundraising	294,223	-	294,223	288,323
<i>Total expenses</i>	<u>99,073,021</u>	<u>-</u>	<u>99,073,021</u>	<u>86,233,779</u>
CHANGE IN NET ASSETS	5,986,112	682,321	6,668,433	2,828,256
NET ASSETS, BEGINNING OF YEAR	<u>31,444,044</u>	<u>22,643</u>	<u>31,466,687</u>	<u>28,638,431</u>
NET ASSETS, END OF YEAR	<u>\$ 37,430,156</u>	<u>\$ 704,964</u>	<u>\$ 38,135,120</u>	<u>\$ 31,466,687</u>

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JANUARY 1, 2011

	Retail and Commercial Services	Workforce Services	Education Services	General & Administrative	Fundraising	Totals	
						December 31, 2011	January 1, 2011
Salaries and wages	\$ 29,601,307	\$ 2,848,647	\$ 4,936,245	\$ 4,628,572	\$ 177,929	\$ 42,192,700	\$ 37,005,438
Employee benefits	8,858,161	533,484	1,751,668	1,434,517	44,283	12,622,113	11,429,082
Professional services	2,816,069	95,139	782,325	742,170	9,615	4,445,318	3,066,837
Supplies	4,294,716	49,890	233,153	272,455	4,548	4,854,762	3,336,529
Cost of sales	8,140,720	-	-	-	-	8,140,720	6,455,754
Occupancy	14,873,691	105,189	883,378	1,248,638	22,861	17,133,757	15,744,340
Advertising and printing	870,765	8,614	39,581	327,445	15,577	1,261,982	1,291,468
Travel and transportation	1,379,616	62,088	230,078	250,596	1,370	1,923,748	1,596,524
Staff development	57,726	19,963	101,307	112,700	4,981	296,677	231,585
Memberships and dues	6,828	5,905	16,357	181,052	1,010	211,152	216,460
Client tuition, training and assistance	-	173,957	34,553	-	4,674	213,184	366,383
Student services	-	-	685,019	-	-	685,019	553,787
Depreciation and amortization	2,692,275	69,392	937,837	639,125	3,743	4,342,372	4,116,784
Bad debt expense	152,298	5,398	13,000	-	-	170,696	103,880
Interest expense	250,263	-	58,607	-	-	308,870	459,671
Other	147,431	26,489	17,474	74,925	3,632	269,951	259,257
	<u>\$ 74,141,866</u>	<u>\$ 4,004,155</u>	<u>\$ 10,720,582</u>	<u>\$ 9,912,195</u>	<u>\$ 294,223</u>	<u>\$ 99,073,021</u>	<u>\$ 86,233,779</u>

See accompanying notes to financial statements.

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND JANUARY 1, 2011

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	December 31, 2011	January 1, 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 6,668,433	\$ 2,828,256
Depreciation and amortization	4,342,372	4,116,784
Loss on interest rate swap hedge	72,498	90,888
Realized gain on investments	(9,460)	(4,321)
Unrealized (gain) loss on investments	69,251	(6,803)
Net gain on disposition of property	(255,833)	(271,058)
<i>(Increase) decrease in operating assets:</i>		
Trade accounts receivable	(700,158)	(13,740)
Charter school accounts receivable	(2,215,166)	(1,259,514)
Other receivables	(677,567)	1,310,098
Inventories	379,403	(1,907,286)
Prepayments	130,120	(503,972)
Deposits	-	48,262
Other assets	6,974	6,974
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable and accrued liabilities	1,427,709	2,904,261
Other long-term liabilities	30,375	(44,092)
 <i>Net cash provided by operating activities</i>	 <u>9,268,951</u>	 <u>7,294,737</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(4,805,608)	(1,993,098)
Proceeds from sales of investments	2,105,169	900,026
Proceeds from sales of fixed assets	933,535	1,028,750
Proceeds from note receivable	-	3,803
Capital expenditures	(7,841,567)	(4,437,355)
 <i>Net cash used in investing activities</i>	 <u>(9,608,471)</u>	 <u>(4,497,874)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on line of credit, net	(920,875)	(958,231)
Proceeds from bonds and notes payable	1,761,412	1,279,914
Principal payments on bonds and notes payable	(1,253,193)	(1,493,330)
Principal payments on capital leases payable	(19,301)	(78,596)
 <i>Net cash used in financing activities</i>	 <u>(431,957)</u>	 <u>(1,250,243)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(771,477)	1,546,620
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,361,568</u>	<u>814,948</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,590,091</u>	<u>\$ 2,361,568</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Sale of fixed asset under note receivable	-	24,000
Purchase of software under note payable	-	(35,445)
SUPPLEMENTAL CASH FLOWS INFORMATION		
Cash paid for interest	\$ 253,627	\$ 404,903

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the accounts of Goodwill Industries of Central Indiana, Inc. and its subsidiary companies. The term "Goodwill" used herein means Goodwill Industries of Central Indiana, Inc. and its subsidiaries, unless otherwise indicated by the context. All material inter-company accounts and transactions have been eliminated.

DESCRIPTION OF ORGANIZATION

Goodwill Industries of Central Indiana, Inc. ("GICI") and its subsidiaries, GW Commercial Services, Inc. ("GWCS") and Goodwill Education Initiatives, Inc. ("GEI") (collectively referred to as "Goodwill") are Indiana non-profit organizations that offer employment, education and related services to disadvantaged adults and young people throughout central Indiana. Goodwill defines disadvantaged individuals as those with a barrier to employment such as a disability, a criminal history and/or a low education level (less than a high school diploma).

GICI's Retail operation collects donations of used clothing and household items and sells them through a network of 47 thrift stores and 3 warehouse outlet centers. Excess and unsalable donated items are sold through salvage and recycling channels. Unique items and books are often sold through e-commerce channels. The Retail operation also accepts and sells donated automobiles, using a third party only for vehicle towing and auction services. The Retail operation employs over 1,800 individuals, more than 60% of whom are disabled or disadvantaged. These operations generate revenue and cash flow that fund a large portion of GICI's other mission-related operations and general and administrative expenses. As part of its overall strategic planning efforts, Goodwill's Retail operation has added 17 new stores in the last five years, and plans to add at least 4 more in 2012. The stores support Goodwill's strategic mission expansion activities within its Retail operations and in its workforce services (WFS) and education-related efforts.

GICI's Commercial Services ("CS") operation provides a variety of outsource packaging, assembly, and fulfillment services to external customers, employing over 100 disabled and disadvantaged individuals.

GWCS is operated under common management with GICI's Commercial Services operations and provides rehabilitative training and jobs for people who have severe disabilities, primarily through service contracts with various federal governmental entities pursuant to Ability One (formerly known as the Javits-Wagner-O'Day Act of 1971). Ability One requires certain federal governmental entities to purchase selected products and services, via such contracts, from non-profit agencies employing blind or severely disabled individuals. At December 31, 2011, GWCS operated 11 Ability One contracts at government sites in Indianapolis, Indiana, and employed approximately 210 severely disabled individuals.

GICI's Employment Services ("ES") operation provides case management, counseling, training, education, job coaching, job placement, and related supportive services, for disabled, disadvantaged, unemployed and under-employed individuals who wish to find and retain employment and increase their economic self-sufficiency.

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

GICI's Community and Workplace Initiatives ("CWI") operation manages programs designed to provide holistic whole-family services to Goodwill's low-wage workers and students, as well as to first-time expectant mothers. The CS, WFS and CWI segments of GICI are funded by a combination of contracts with external customers, service contracts with federal and state governmental entities, United Way grants, private grants and gifts from individuals and foundations, and subsidies from GICI's Retail operation.

DESCRIPTION OF ORGANIZATION, CONTINUED

GEI provides educational opportunities designed to enable young people and adults to prepare for more productive lives. GEI operates two public charter high schools (Indianapolis Metropolitan High School and The Excel Centers) in Indianapolis, Indiana, under the provisions of the Indiana Charter School laws and the chartering authority of the Mayor of Indianapolis. Indianapolis Metropolitan High School occupies space at Goodwill's Indianapolis headquarters building and contracts with GICI for certain business support services. The Excel Centers operate in two leased facilities in Indianapolis, as well as at GICI's headquarters building. Both schools receive the majority of their funding from the Indiana Department of Education. Their revenues are supplemented with funds from the United States Department of Education, private grants, and gifts. Indianapolis Metropolitan High School is in its eighth year of operation and student enrollment at December 31, 2011 approximated 430 students. The Excel Centers are in their second year of operation with an enrollment of approximately 810 adults who previously dropped out of high school and are seeking their high school diplomas rather than a GED. The boards of directors of GICI and GEI previously approved a plan to construct additional school space and ancillary facilities at Goodwill's Indianapolis headquarters. This project has a total estimated cost of \$9 million and is comprised of three phases. The first and second phases included the completion of additional classroom space, school administrative space, and a dedicated science and wellness facility. The first and second phases of the project are complete and were funded primarily by the proceeds of Goodwill's 2006 bond issuance (see Note 6) and a private grant. The third phase includes construction of a gymnasium and will be funded with a combination of internal funds, borrowing, and fundraising proceeds. Construction of phase three will be completed in the first quarter of 2012.

Goodwill is a member of Goodwill Industries International, Inc. (GII). Goodwill operates autonomously and reports its financial results independent of GII or any other affiliated entity. Goodwill operates in a geographic territory assigned to it by GII encompassing 29 counties in central Indiana.

Goodwill is a member agency of United Way of Central Indiana, Inc. For the years ended December 31, 2011 and January 1, 2011, Goodwill received United Way grants of \$381,655 and \$408,686, respectively. The grant amount for the year ended January 1, 2011 included a technology implementation grant of \$25,000.

BASIS OF ACCOUNTING

The accompanying financial statements were prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. For annual financial reporting purposes, Goodwill utilizes a 52-week period ending on the Saturday closest to December 31.

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

SUMMARIZED COMPARATIVE INFORMATION

The financial statements include certain prior year summarized comparative information in total, but not by net asset class and functional expense class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Goodwill's financial statements for the year ended January 1, 2011, from which the summarized information was derived.

CASH AND CASH EQUIVALENTS

Goodwill considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Goodwill maintains cash balances at commercial banks. Accounts at the banks are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time to time during the year and at December 31, 2011, Goodwill maintained cash and cash equivalents in excess of the FDIC coverage limits.

TRADE AND CHARTER SCHOOL ACCOUNTS RECEIVABLE

Trade accounts receivable are unsecured customer obligations generally requiring payment within 30 days of the invoice date. Charter school receivables of GEI are due from Indiana governmental entities over periods of time up to six months from the statement of financial position date.

Accounts receivable are stated at the amount billed to the customer or at amounts determined by public statute. Generally, customer account balances with invoices dated over 30 days are considered delinquent.

Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances that are past due and based on an assessment of current creditworthiness and other factors, estimates the portion, if any, of the balance that will not be collected.

INVENTORIES

The retail store and e-commerce operations of Goodwill contain donated inventories. When received, donated items have little or no economic value to Goodwill and therefore are not recorded at the time of donation. Donated goods are sold through retail store, e-commerce, salvage and recycling sales channels. Costs included in donated goods inventory include those incurred to collect, transport and process donated items to place them for sale in Goodwill's retail stores, e-commerce operations, or to salvage and recycling dealers. Retail store, e-commerce, recycling and salvage sales are reflected in the statement of activities as sales - donated goods. The Retail operations of Goodwill also contain purchased goods inventories, which are stated at the lower of cost or market using the specific identification method.

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

INVENTORIES, CONTINUED

Goodwill's commercial services operation has purchased inventories generally classified as raw material, work in process and finished goods. These inventories are valued in the financial statements at standard cost. Cost of sales is included in retail and commercial services expenses in the statement of functional expenses.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at historical cost. Donated property is recorded at the fair market value at the date of donation. Depreciation is computed on the straight-line method over estimated useful lives ranging from 10 to 40 years for buildings and building improvements, and from 3 to 10 years for equipment. Property additions and improvements are capitalized and expenditures for normal maintenance and repairs are expensed as incurred.

Goodwill accumulates certain costs for capital projects until the projects are placed in service, at which time they become depreciable fixed assets. Goodwill's statement of financial position reflected construction projects in progress totaling \$3,604,502 and \$254,934 at December 31, 2011 and January 1, 2011, respectively.

OTHER ASSETS

In December 2006, Goodwill issued \$12 million of tax-exempt bonds to finance several capital projects and to refinance prior bond debt at a lower interest rate. Transaction costs for the bond issuance totaled \$139,483 and are being amortized over the life of the bonds and the supporting letter of credit. Amortization costs are included in interest expense on the statement of functional expenses.

NET ASSETS

Goodwill maintains the following classifications of net assets:

Unrestricted

These include revenue and expenses from the regular operations of Goodwill, which are at the discretion of management and the Board of Directors.

Temporarily Restricted

These include donations and grant revenues used to meet expenses of current operations in accordance with restrictions specified by the donors or grantors. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

CONTRIBUTIONS

Contributions are recognized when the donor makes an unconditional promise to give to Goodwill and are recorded at their fair values as revenues and assets in the period received. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

EXPENSE ALLOCATION

Expenses have been classified as retail and commercial services, workforce services (including employer services and community and workplace initiatives), education services, general and administrative and fundraising. Goodwill uses actual direct expenditures and cost allocations, based on estimates of time and usage by Goodwill personnel and programs, to classify its expenses.

ADVERTISING

Advertising and printing expenses totaled \$1,261,982 in 2011 and \$1,291,468 in 2010. Goodwill's policy is to record advertising expenditures in the period in which they are incurred.

SUBSEQUENT EVENTS

Subsequent events have been considered through March 13, 2012, which was the date the financial statements were available to be issued. See Note 14.

2. TAX STATUS

Goodwill and its subsidiaries are Indiana non-profit corporations, exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. However, if income was generated from certain activities not directly related to Goodwill's tax-exempt purposes, such income would be subject to taxation as unrelated business income. Goodwill and its subsidiaries are not considered private foundations as defined in Section 509(a) of the Internal Revenue Code.

Accounting Standards for Income Taxes provide detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. Goodwill regularly evaluates its activities to determine that they are in compliance with its tax-exempt purpose. Currently, Goodwill's management does not believe it is engaged in any activities that would generate unrelated business income or create an uncertain tax position. Goodwill is no longer subject to examination by taxing authorities for years before 2008.

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

3. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are summarized as follows:

	December <u>31, 2011</u>	January 1, <u>2011</u>
Trade accounts receivable	\$ 3,662,146	\$ 2,930,695
Less – allowance for uncollectible accounts	<u>(115,214)</u>	<u>(83,921)</u>
Trade accounts receivable, net	<u>\$ 3,546,932</u>	<u>\$ 2,846,774</u>

4. INVENTORIES

Inventories are summarized as follows:

	December <u>31, 2011</u>	January 1, <u>2011</u>
Donated goods	\$ 2,960,073	\$ 3,209,763
Purchased goods	<u>630,350</u>	<u>760,063</u>
	<u>\$ 3,590,423</u>	<u>\$ 3,969,826</u>

5. INVESTMENTS

Goodwill's investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair value in the statements of financial position (see Note 13). Realized and unrealized gains and losses are reported in the statement of activities.

Goodwill held the following investment securities at:

	December <u>31, 2011</u>	January 1, <u>2011</u>
Mutual funds – market value	<u>\$ 7,416,241</u>	<u>\$ 4,775,593</u>
Mutual funds – cost basis	<u>\$ 7,485,828</u>	<u>\$ 4,775,929</u>

6. BONDS, NOTES AND CAPITAL LEASES PAYABLE

- a. Goodwill has a committed line of credit with a commercial bank, expiring September, 2013. This line of credit provides for maximum borrowings of \$4,000,000 and bears interest at the bank's commercial rate less one percent (a total of 2.25% at December 31, 2011). As of December 31, 2011 and January 1, 2011, Goodwill had \$214,404 and \$1,135,279, respectively, outstanding on the line of credit. The line of credit includes a non-use fee of 0.15% on the unused balance. In 2011 and 2010, Goodwill paid \$5,131 and \$3,056 in non-use fees.

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

6. BONDS, NOTES AND CAPITAL LEASES PAYABLE, CONTINUED

- b. In 1996, Goodwill issued \$8.8 million of tax-exempt long-term bonds. The bonds bear interest at an adjustable interest rate and currently re-price every seven days based on market conditions. The interest rate approximates the quoted weekly Securities Industry and Financial Markets Association (SIFMA) Index rate. During 2011, the interest rate on the bonds ranged from 0.14% to 0.36%. Annually on June 1, Goodwill is required to make principal payments of \$440,000, through 2015. In 2011, Goodwill sold a retail store that was originally financed with the 1996 bond issue. As a result, Goodwill repaid an additional \$100,000 of bond principal upon closing the sale transaction, which represented the prorated amount of then-outstanding bond debt related to the building that was sold. The outstanding balance of the bonds payable at December 31, 2011 and January 1, 2011 was \$1,310,000 and \$1,850,000, respectively.

Goodwill maintains a direct-pay letter of credit facility with a commercial bank that secures Goodwill's 1996 tax-exempt bonds. Goodwill pays a fee equal to 50 basis points to the bank to maintain the letter of credit. During the fiscal years ended December 31, 2011 and January 1, 2011, Goodwill paid \$7,350 and \$11,572, respectively, to maintain the letter of credit, which is included in interest expense in the statement of functional expenses.

Goodwill pays remarketing fees to a third party remarketing agent for the 1996 bonds, equal to 0.125% of the amount of bonds traded each year. Goodwill paid \$157 and \$550 of remarketing fees in 2011 and 2010, respectively.

- c. In December 2006, Goodwill issued \$12 million of tax-exempt long-term bonds, the proceeds of which were used to build 2 new retail stores, refinance then-existing debt, and remodel Goodwill's Indianapolis headquarters campus to accommodate new charter high school space and related ancillary facilities. The bonds bear interest at an adjustable interest rate and currently re-price every seven days based on market conditions. The interest rate approximates the quoted weekly Securities Industry and Financial Markets Association (SIFMA) Index rate. In 2011, the interest rate on the bonds ranged from 0.13% to 0.38%. Goodwill is required to make annual principal payments of \$600,000, through 2027. The outstanding balance of the bonds payable at December 31, 2011 and January 1, 2011 was \$9,600,000 and \$10,200,000, respectively. On January 3, 2012, Goodwill made its scheduled annual principal payment of \$600,000.

Goodwill maintains a direct-pay letter of credit facility with a commercial bank that secures Goodwill's 2006 tax exempt bonds. Goodwill pays a fee equal to 50 basis points to the bank to maintain the letter of credit. Goodwill paid letter of credit fees for the 2006 bonds of \$45,150 and \$53,003 in 2011 and 2010, respectively.

Goodwill also pays remarketing fees to a remarketing agent for the 2006 bonds, equal to 0.10% of the amount of bonds outstanding. Goodwill paid \$9,654 and \$10,256 of remarketing fees in 2011 and 2010, respectively.

- d. In 2011 and prior years, GEI borrowed from the Indiana Common School Fund to fund its charter school operations and costs associated with enrollment growth. Loan repayments, including interest, are deducted monthly from state public tuition receipts. The outstanding balance on the loans from the Indiana Common School Fund was \$3,820,126 and \$2,144,792 at December 31, 2011 and January 1, 2011, respectively. In 2009, the Indiana legislature enacted a moratorium on repayments of Common School Fund loans by charter schools for two years. Accordingly, GEI elected

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

6. BONDS, NOTES AND CAPITAL LEASES PAYABLE, CONTINUED

to suspend its loan repayments. Interest on the loans continues to accrue during the moratorium. Details of the borrowings from the Indiana Common School Fund are as follows:

Indianapolis Metropolitan High School

<u>Year of Issuance</u>	<u>Original Borrowing</u>	<u>Interest Rate</u>	<u>Term of Loan</u>	<u>Amount Outstanding as of December 31, 2011</u>
2004	\$453,020	4%	20 years	\$362,416
2005	\$305,111	4%	20 years	\$268,234
2006	\$260,253	4%	20 years	\$234,228
2010	\$381,744	1%	3 years	\$318,120

Excel Center

<u>Year of Issuance</u>	<u>Original Borrowing</u>	<u>Interest Rate</u>	<u>Term of Loan</u>	<u>Amount Outstanding as of December 31, 2011</u>
2010	\$898,170	4%	20 years	\$875,716
2011	\$1,761,412	4%	20 years	\$1,761,412

- e. In prior years, Goodwill entered into capital leases for certain computers and related equipment. The leases have varying expiration dates through 2012. The principal balance of the lease obligations at December 31, 2011 and January 1, 2011 was \$5,712 and \$25,013, respectively. The leases include interest at an average annual rate of 7%.
- f. Total interest expense on the line of credit and long-term debt for the years ended December 31, 2011 and January 1, 2011 was \$253,627 and \$347,016, respectively.
- g. Goodwill is party to an interest rate swap in order to manage interest rate risk on a portion of its bond debt, the notional amount of which was \$5,947,500 at December 31, 2011. The swap agreement provides for Goodwill to pay a fixed interest rate of 3.85% for ten years in exchange for the underlying floating interest rate. At December 31, 2011 and January 1, 2011, the swap had a negative fair value of \$727,176 and \$654,678, respectively. The fair value of the swap is included in other long-term liabilities on the statement of financial position, and the change in fair value from 2010 to 2011 is recorded as a loss on interest rate swap hedge on the statement of activities. The fair value of the swap is based on quoted replacement swap rates in effect at the valuation date. The replacement rate utilized in the valuation at December 31, 2011 was approximately 0.69%.

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

6. BONDS, NOTES AND CAPITAL LEASES PAYABLE, CONTINUED

h. The aggregate maturities of long-term debt are as follows for the following fiscal years:

2012	\$	1,089,747
2013		1,239,608
2014		1,341,146
2015		911,146
2016		783,898
Thereafter		<u>9,370,293</u>
	\$	<u>14,735,838</u>

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are generated primarily through private grants and are available for youth education and training.

8. LEASE OBLIGATIONS

Goodwill leases 34 retail stores and 6 other buildings used in operations. The lease agreements have terms of up to 12 years from the lease commencement date, and certain leases have one or more renewal options for up to an additional five years per option. Aggregate rental expense for the years ended December 31, 2011 and January 1, 2011, including common area maintenance charges, totaled \$8,022,936 and \$7,914,604, respectively. Four of Goodwill's retail store leases contain a right of first refusal. This right provides Goodwill an option to purchase the store at fair market value if the landlord has a bona fide offer from a third party. Fair market value is the price offered by a third party in an arms-length transaction. Goodwill's management cannot determine if it would elect to purchase any of the stores for which it has a right of first refusal.

Goodwill leases office equipment, the agreements for which expire in 2014. Rent expense under these leases was \$115,628 and \$66,044 for the years ended December 31, 2011 and January 1, 2011, respectively.

Goodwill leases vehicles, equipment and drivers used in operations. The leases expire in February 2014. Fixed lease costs are \$7,098 weekly, and variable costs are \$0.1547 per mile driven. Labor rates for drivers vary from \$18.94 to \$20.57 per straight-time hour. Goodwill's expense under these leases was \$1,433,644 and \$943,088 for the years ended December 31, 2011 and January 1, 2011, respectively.

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

8. LEASE OBLIGATIONS, CONTINUED

Future minimum rental payments required under operating leases that have initial or remaining lease terms as of December 31, 2011 are as follows for the fiscal years ending:

2012	\$	8,344,941
2013		8,436,760
2014		7,856,938
2015		7,497,468
2016		6,969,953
Thereafter		18,186,811
	\$	<u>57,292,871</u>

9. RETIREMENT PLAN

Goodwill maintains a discretionary thrift plan which allows eligible employees to contribute up to 15% of pre-tax gross income, subject to certain IRS limitations. Goodwill matches 100% of eligible employees' pre-tax contributions up to 3% of gross income, and 50% of the next 3% of gross income. Goodwill may also make additional discretionary contributions to the plan. Employer matching contributions vest after three years or in the event of death or disability. Employer discretionary contributions vest after five years or in the event of death or disability. Goodwill's expense relating to contributions to the thrift plan for the fiscal years ended December 31, 2011 and January 1, 2011 was \$1,167,433 and \$1,234,248, respectively.

10. RELATED PARTY TRANSACTIONS

Goodwill Industries Foundation of Central Indiana, Inc. (the "Foundation") has common management with Goodwill and provides grant support for Goodwill and GEI. The accompanying financial statements of Goodwill have not been consolidated with those of the Foundation due to less than a majority voting interest and lack of controlling financial interest between the two organizations. At December 31, 2011 and 2010, the Foundation had net assets of \$22.0 million and \$24.1 million, respectively, consisting primarily of equity mutual fund investments, equity hedge funds, and alternative investments consisting of private equity and natural resource funds. For the years ended December 31, 2011 and January 1, 2011, the Foundation granted to Goodwill \$1,960,602 and \$349,232, respectively, which is included in "support" on the statement of activities. The Foundation also reimburses Goodwill for certain fundraising expenses and pays Goodwill a management fee. This reimbursement and management fee totaled \$332,318 and \$327,589 for the years ended December 31, 2011 and January 1, 2011, respectively. Included in other receivables at December 31, 2011 and January 1, 2011 is \$807,528 and \$58,120, respectively, due from the Foundation for grants receivable from the Foundation, reimbursement of fundraising expenses incurred by Goodwill and expenses of the Foundation paid by Goodwill.

During 2011, GEI entered into operating leases for facilities that house two additional Excel Center locations in Indianapolis. One of the leased facilities is owned by an entity controlled by a GICI board member. The lease for the facility has a term equivalent to the remaining duration of the Excel Center's charter (6 years), and has a rent rate comparable to similar facilities in the same geographic area. The lease became effective January 1, 2012. The board member recused himself from all board of director's discussion and voting related to the lease transaction.

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

11. FUTURE GRANT AUDITS

Under the terms of federal grants awarded to Goodwill, periodic audits are required and certain costs may be challenged as to allowability under the terms of the grants. Such audits could lead to reimbursement to the grantor. Management believes the likelihood that material costs incurred by Goodwill will be disallowed is remote.

12. SELF INSURANCE

Goodwill self insures for employee and dependent medical benefits up to a per-individual annual maximum of \$100,000, and an aggregate maximum of approximately \$6.6 million. Goodwill purchases reinsurance which pays individual claims that exceed \$100,000 per year, up to a per-individual maximum of \$2 million, and up to \$1 million beyond the aggregate self-insured maximum. The reinsurer reviews claims annually and upon renewal of the reinsurance policy each year may establish higher specific maximums on selected individuals with high claims risks. Goodwill purchases claims administration services from a third party administrator. Self insured medical expenses and related administrative costs were \$6,198,517 and \$5,574,081 for the years ended December 31, 2011 and January 1, 2011, respectively. Goodwill maintains an estimated liability for incurred but not reported medical claims based on average claim costs and claims processing lag times. At December 31, 2011 and January 1, 2011, the estimated liability was \$1,113,432 and \$779,171, respectively, and is included in accrued liabilities on the statement of financial position.

13. FAIR VALUE MEASUREMENTS

Fair values measured on a recurring basis at December 31, 2011 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Fixed income mutual fund	\$ 7,416,241	\$ 7,416,241	\$ -	\$ -
Interest rate swap	\$ (727,176)	\$ -	\$ (727,176)	\$ -

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

13. FAIR VALUE MEASUREMENTS, CONTINUED

Fair values measured on a recurring basis at January 1, 2011 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Fixed income mutual fund	\$ 4,775,593	\$ 4,775,593	\$ -	\$ -
Interest rate swap	\$ (654,678)	\$ -	\$ (654,678)	\$ -

Fair values for investments are determined by reference to readily available quoted market prices and other relevant information generated by market transactions. Fair value for the interest rate swap is determined by the prevailing one-month LIBOR rate at the valuation date.

14. SUBSEQUENT EVENTS

In late 2011, GEI was awarded a five-year charter from the newly-formed Indiana Charter School Board to open and operate an Excel Center high school in Anderson, Indiana. GEI is currently in negotiations with a community group in Anderson to lease space in a facility and commence school operations in July, 2012.

Subsequent to December 31, 2011, Goodwill entered into an operating lease for office space in Indianapolis that will house a new mission-focused program that will employ nurses to perform home visitation services for qualifying first-time expectant women. The office space is expected to be complete and ready for occupancy in spring 2012.

Subsequent to December 31, 2011, Goodwill entered into a purchase agreement to acquire land on which it will relocate its Avon, Indiana retail store. The contemplated purchase price for the land is \$625,000. Goodwill expects to close on the purchase upon completion of all due diligence requirements in July, 2012. Goodwill's intent is to own the relocated Avon retail store and sell its current store after relocating to the new site.

Subsequent to December 31, 2011, Goodwill entered into a 10-year operating lease agreement for a building in which it will open a new retail store. Lease rates and terms are still under negotiation.

Subsequent to December 31, Goodwill entered into an assignable purchase agreement to acquire ground on which it will relocate an existing retail store. Goodwill intends to assign its rights to the purchase agreement to a third-party developer, who in turn will build a retail store on the site and lease it to Goodwill for 10 years. Upon completion of the store, Goodwill will terminate the lease for its existing store.

At December 31, 2011, Goodwill had one new retail store and two relocated retail stores under construction. Goodwill has entered into 10-year operating leases for two of the stores, and will own the third. The operating lease obligations are included in the future minimum lease obligations table in

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

14. SUBSEQUENT EVENTS, CONTINUED

Note 8. The related construction in progress balances as of December 31, 2011 for the three retail stores are included in Projects in Progress on the Statement of Financial Position

Management intends to finance these projects through a combination of internal cash flow and temporary borrowings on the line of credit.

GOODWILL INDUSTRIES OF
CENTRAL INDIANA, INC.
AND SUBSIDIARIES
FINANCIAL STATEMENTS
Together with Independent Auditors' Report
JANUARY 1, 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Goodwill Industries of Central Indiana, Inc. and subsidiaries:

We have audited the accompanying consolidated statement of financial position of Goodwill Industries of Central Indiana, Inc. (an Indiana non-profit corporation) and subsidiaries (Goodwill) as of January 1, 2011, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Goodwill's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Goodwill's January 2, 2010 financial statements and in our report dated March 18, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Goodwill Industries of Central Indiana, Inc. and subsidiaries as of January 1, 2011 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Greenwalt CPAs, Inc.

March 9, 2011

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JANUARY 1, 2011 WITH SUMMARIZED COMPARATIVE INFORMATION AS OF JANUARY 2, 2010

ASSETS	Unrestricted	Temporarily Restricted	Eliminations	Totals	
				January 1, 2011	January 2, 2010
CURRENT ASSETS					
Cash and cash equivalents	\$ 2,361,568	\$ -	\$ -	\$ 2,361,568	\$ 814,948
Trade accounts receivable, net	2,846,774	-	-	2,846,774	2,833,034
Charter school accounts receivable	2,691,117	-	-	2,691,117	1,431,603
Other receivables, net	493,828	-	-	493,828	1,783,469
Inventories	3,969,826	-	-	3,969,826	2,062,540
Prepayments	1,132,101	-	-	1,132,101	628,129
Due from other funds	-	22,643	(22,643)	-	-
<i>Total current assets</i>	<u>13,495,214</u>	<u>22,643</u>	<u>(22,643)</u>	<u>13,495,214</u>	<u>9,553,723</u>
LONG-TERM ASSETS					
Land and improvements	10,365,542	-	-	10,365,542	11,605,907
Buildings and improvements	28,658,747	-	-	28,658,747	27,697,442
Equipment	18,481,982	-	-	18,481,982	15,069,576
Projects in progress	254,934	-	-	254,934	350,946
	<u>57,761,205</u>	<u>-</u>	<u>-</u>	<u>57,761,205</u>	<u>54,723,871</u>
Accumulated depreciation	(19,901,816)	-	-	(19,901,816)	(16,438,682)
<i>Net property and equipment</i>	<u>37,859,389</u>	<u>-</u>	<u>-</u>	<u>37,859,389</u>	<u>38,285,189</u>
Investments	4,775,593	-	-	4,775,593	3,671,533
Deposits	37,803	-	-	37,803	86,065
Other assets	111,586	-	-	111,586	118,560
<i>Total long-term assets</i>	<u>42,784,371</u>	<u>-</u>	<u>-</u>	<u>42,784,371</u>	<u>42,161,347</u>
	<u>\$ 56,279,585</u>	<u>\$ 22,643</u>	<u>\$ (22,643)</u>	<u>\$ 56,279,585</u>	<u>\$ 51,715,070</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Bank line of credit	\$ 1,135,279	\$ -	\$ -	\$ 1,135,279	\$ 2,093,510
Current portion of bonds, notes and capital leases payable	1,271,233	-	-	1,271,233	1,563,596
Accounts payable	4,012,852	-	-	4,012,852	2,620,126
Accrued liabilities	4,428,081	-	-	4,428,081	2,916,546
Due to other funds	22,643	-	(22,643)	-	-
<i>Total current liabilities</i>	<u>10,870,088</u>	<u>-</u>	<u>(22,643)</u>	<u>10,847,445</u>	<u>9,193,778</u>
LONG-TERM LIABILITIES					
Bonds, notes and capital leases payable	12,975,687	-	-	12,975,687	12,939,891
Other long-term liabilities	989,766	-	-	989,766	942,970
<i>Total long-term liabilities</i>	<u>13,965,453</u>	<u>-</u>	<u>-</u>	<u>13,965,453</u>	<u>13,882,861</u>
<i>Total liabilities</i>	24,835,541	-	(22,643)	24,812,898	23,076,639
COMMITMENTS AND CONTINGENCIES (NOTES 8, 11, 12 AND 14)					
NET ASSETS	<u>31,444,044</u>	<u>22,643</u>	<u>-</u>	<u>31,466,687</u>	<u>28,638,431</u>
	<u>\$ 56,279,585</u>	<u>\$ 22,643</u>	<u>\$ (22,643)</u>	<u>\$ 56,279,585</u>	<u>\$ 51,715,070</u>

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JANUARY 1, 2011
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JANUARY 2, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>January 1, 2011</u>	<u>January 2, 2010</u>
REVENUE				
Sales - donated goods	\$ 57,543,204	\$ -	\$ 57,543,204	\$ 52,935,839
Sales - purchased goods	5,460,785	-	5,460,785	5,626,394
Commercial services	14,182,639	-	14,182,639	14,049,410
Workforce services	4,978,206	6,804	4,985,010	3,908,513
Education services	5,019,613	-	5,019,613	3,913,106
Interest and dividend income	186,660	-	186,660	168,641
Realized gain on investments	4,321	-	4,321	96,771
Unrealized gain on investments	6,803	-	6,803	90,710
Net gain on disposition of property	271,058	-	271,058	28,276
Gain (loss) on interest rate swap hedge	(90,888)	-	(90,888)	373,848
Other, net	547,477	-	547,477	989,176
	<u>88,109,878</u>	<u>6,804</u>	<u>88,116,682</u>	<u>82,180,684</u>
<i>Total revenue</i>				
SUPPORT				
United Way of Central Indiana, Inc.				
Allocation	383,686	-	383,686	387,233
Technology grant	25,000	-	25,000	-
Annual and capital campaign contributions	30,268	-	30,268	37,578
Other contributions	506,399	-	506,399	2,306,160
	<u>945,353</u>	<u>-</u>	<u>945,353</u>	<u>2,730,971</u>
<i>Total support</i>				
NET ASSETS RELEASED FROM RESTRICTIONS	<u>222,327</u>	<u>(222,327)</u>	<u>-</u>	<u>-</u>
<i>Total revenue and support</i>	<u>89,277,558</u>	<u>(215,523)</u>	<u>89,062,035</u>	<u>84,911,655</u>
EXPENSES				
Retail and commercial services	64,375,782	-	64,375,782	62,438,161
Workforce services	5,301,972	-	5,301,972	5,758,650
Education services	7,324,258	-	7,324,258	5,195,775
General and administrative	8,943,444	-	8,943,444	8,098,226
Fundraising	288,323	-	288,323	393,466
	<u>86,233,779</u>	<u>-</u>	<u>86,233,779</u>	<u>81,884,278</u>
<i>Total expenses</i>				
CHANGE IN NET ASSETS	<u>3,043,779</u>	<u>(215,523)</u>	<u>2,828,256</u>	<u>3,027,377</u>
NET ASSETS, BEGINNING OF YEAR	<u>28,400,265</u>	<u>238,166</u>	<u>28,638,431</u>	<u>25,611,054</u>
NET ASSETS, END OF YEAR	<u>\$ 31,444,044</u>	<u>\$ 22,643</u>	<u>\$ 31,466,687</u>	<u>\$ 28,638,431</u>

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 1, 2011
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JANUARY 2, 2010

	Retail and Commercial Services	Workforce Services	Education Services	General & Administrative	Fundraising	Totals	
						January 1, 2011	January 2, 2010
Salaries and wages	\$ 25,570,757	\$ 3,863,888	\$ 3,317,529	\$ 4,074,958	\$ 178,306	\$ 37,005,438	\$ 34,894,412
Employee benefits	8,244,893	603,077	1,155,110	1,371,180	54,822	11,429,082	11,590,836
Professional services	2,183,544	71,329	253,347	556,122	2,495	3,066,837	2,656,842
Supplies	2,977,244	39,786	95,339	219,331	4,829	3,336,529	2,506,622
Cost of sales	6,455,754	-	-	-	-	6,455,754	8,114,635
Occupancy	13,773,775	175,705	514,114	1,264,209	16,537	15,744,340	13,337,753
Advertising and printing	898,595	23,334	17,872	335,847	15,820	1,291,468	1,550,104
Travel and transportation	1,164,037	71,971	195,600	163,166	1,750	1,596,524	1,369,266
Staff development	30,816	20,537	64,047	115,120	1,065	231,585	267,714
Memberships and dues	4,185	320	8,986	202,147	822	216,460	180,001
Client tuition, training and assistance	-	291,816	70,641	-	3,926	366,383	311,983
Student services	-	-	553,787	-	-	553,787	403,838
Depreciation and amortization	2,552,082	76,767	877,504	605,761	4,670	4,116,784	3,829,508
Bad debt expense	93,680	10,200	-	-	-	103,880	120,655
Interest expense	303,677	-	155,994	-	-	459,671	496,298
Other	122,743	53,242	44,388	35,603	3,281	259,257	253,811
	<u>\$ 64,375,782</u>	<u>\$ 5,301,972</u>	<u>\$ 7,324,258</u>	<u>\$ 8,943,444</u>	<u>\$ 288,323</u>	<u>\$ 86,233,779</u>	<u>\$ 81,884,278</u>

See accompanying notes to financial statements.

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JANUARY 1, 2011 AND JANUARY 2, 2010

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	January 1, 2011	January 2, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,828,256	\$ 3,027,377
Depreciation and amortization	4,116,784	3,829,508
(Gain) loss on interest rate swap hedge	90,888	(373,848)
Realized gain on investments	(4,321)	(96,771)
Unrealized gain on investments	(6,803)	(90,710)
Net gain on disposition of property	(271,058)	(28,276)
<i>(Increase) decrease in operating assets:</i>		
Trade accounts receivable	(13,740)	(262,471)
Charter school accounts receivable	(1,259,514)	(13,809)
Contributions and pledges receivable	-	8,534
Other receivables	1,310,098	(1,093,961)
Inventories	(1,907,286)	701,945
Prepayments	(503,972)	(51,549)
Deposits	48,262	-
Other assets	6,974	6,974
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable and accrued liabilities	2,904,261	(1,191,161)
Other long-term liabilities	(44,092)	(30,935)
	<u>7,294,737</u>	<u>4,340,847</u>
<i>Net cash provided by operating activities</i>		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,993,098)	(4,537,774)
Proceeds from sales of investments	900,026	4,614,920
Proceeds from sales of fixed assets	1,028,750	1,075,550
Proceeds from note receivable	3,803	-
Capital expenditures	(4,437,355)	(6,967,833)
	<u>(4,497,874)</u>	<u>(5,815,137)</u>
<i>Net cash used in investing activities</i>		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (repayments) on line of credit, net	(958,231)	(151,865)
Proceeds from notes payable	1,279,914	-
Principal payments on bonds and notes payable	(1,493,330)	(465,461)
Principal payments on capital leases payable	(78,596)	(155,749)
	<u>(1,250,243)</u>	<u>(773,075)</u>
<i>Net cash used in financing activities</i>		
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,546,620	(2,247,365)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>814,948</u>	<u>3,062,313</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,361,568</u>	<u>\$ 814,948</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Sale of fixed asset under note receivable	\$ 24,000	\$ -
Purchase of software under note payable	\$ (35,445)	\$ -
SUPPLEMENTAL CASH FLOWS INFORMATION		
Cash paid for interest	<u>\$ 404,903</u>	<u>\$ 496,298</u>

See accompanying notes to financial statements.

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 1, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the accounts of Goodwill Industries of Central Indiana, Inc. and its subsidiary companies. The term "Goodwill" used herein means Goodwill Industries of Central Indiana, Inc. and its subsidiaries, unless otherwise indicated by the context. All material inter-company accounts and transactions have been eliminated.

DESCRIPTION OF ORGANIZATION

Goodwill Industries of Central Indiana, Inc. ("GICI") and its subsidiaries, GW Commercial Services, Inc. ("GWCS") and Goodwill Education Initiatives, Inc. ("GEI") (collectively referred to as "Goodwill") are Indiana non-profit organizations that offer employment, education and related services to disadvantaged adults and young people throughout central Indiana. Goodwill defines disadvantaged individuals as those with a barrier to employment such as a disability, a criminal history and/or a low education level (less than a high school diploma).

GICI's retail operation collects donations of used clothing and household items and sells them through a network of 48 thrift stores. Excess and unsalable donated items are sold through salvage and recycling channels. Unique items are often sold through e-commerce channels. The retail operation also accepts and sells donated automobiles, using a third party only for vehicle towing and auction services. The retail operation employs over 1,300 individuals, more than 60% of whom are disabled or disadvantaged. These operations generate revenue and cash flow that fund a large portion of GICI's other mission-related operations and general and administrative expenses. As part of its overall strategic planning efforts, Goodwill's retail operation has added 17 new stores since 2006, and will add at least three more in 2011. These stores support Goodwill's strategic mission expansion activities within its retail operations and in its workforce services and education-related efforts.

GICI's commercial services ("CS") operation provides a variety of outsource packaging, assembly, and fulfillment services to external customers, employing over 150 disabled and disadvantaged individuals.

GICI's workforce services ("WFS") operation provides case management, counseling, training, education, job coaching, and job placement, and related supportive services, for disabled, disadvantaged, unemployed and under-employed individuals who wish to find and retain employment and increase their economic self-sufficiency. The CS and WFS segments of GICI are funded by a combination of contracts with external customers, service contracts with federal and state governmental entities, United Way grants, private grants and gifts from individuals and foundations, and subsidies from GICI's retail operation.

GWCS provides rehabilitative training and jobs for people who have severe disabilities, primarily through service contracts with various federal governmental entities pursuant to Ability One (formerly known as the Javits-Wagner-O'Day Act of 1971). Ability One requires certain federal governmental entities to purchase selected products and services, via such contracts, from non-profit agencies employing blind or severely disabled individuals. At January 1, 2011, GWCS operated 11 Ability One contracts at government sites in Indianapolis, Indiana, and employed approximately 210 severely disabled individuals.

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 1, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

DESCRIPTION OF ORGANIZATION, CONTINUED

GEI provides educational opportunities designed to enable young people to prepare for productive adult lives. GEI operates two public charter high schools (Indianapolis Metropolitan High School and The Excel Center) in Indianapolis, Indiana, under the provisions of the Indiana Charter School laws and the chartering authority of the Mayor of Indianapolis. The schools occupy space at Goodwill's Indianapolis headquarters building and contract with GICI for certain business support services. Both schools receive the majority of their funding from the Indiana Department of Education. Their revenues are supplemented with funds from the United States Department of Education, private grants, and gifts. Indianapolis Metropolitan High School is in its seventh year of operation and student enrollment at January 1, 2011 approximated 400 students. The Excel Center opened in September 2010 with an enrollment of 306 adults who previously dropped out of high school and are seeking their high school diplomas rather than a GED. The boards of directors of GICI and GEI previously approved a plan to construct additional school space and ancillary facilities at Goodwill's Indianapolis headquarters. This project has a total estimated cost of \$9 million and is comprised of three phases. The first and second phases included the completion of additional classroom space, school administrative space, and a dedicated science and wellness facility. The first and second phases of the project are complete and were funded primarily by the proceeds of Goodwill's 2006 bond issuance (see Note 6) and a private grant. The third phase includes construction of a gymnasium and will be funded with a combination of internal funds, borrowing, and fundraising proceeds. Construction of phase three has not yet commenced.

Goodwill is a member of Goodwill Industries International, Inc. (GII). Goodwill operates autonomously and reports its financial results independent of GII or any other affiliated entity. Goodwill operates in a geographic territory assigned to it by GII encompassing roughly the middle third of Indiana.

Goodwill is a member agency of United Way of Central Indiana, Inc. For the years ended January 1, 2011 and January 2, 2010, Goodwill received United Way grants of \$408,686 and \$387,233, respectively. The grant amount for the year ended January 1, 2011 included a technology implementation grant of \$25,000.

BASIS OF ACCOUNTING

The accompanying financial statements were prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. For annual financial reporting purposes, Goodwill utilizes a 52-week period ending on the Saturday closest to December 31.

SUMMARIZED COMPARATIVE INFORMATION

The financial statements include certain prior year summarized comparative information in total, but not by net asset class and functional expense class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended January 2, 2010, from which the summarized information was derived.

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 1, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

CASH AND CASH EQUIVALENTS

Goodwill considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Goodwill maintains cash balances at commercial banks. Accounts at the banks are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time to time during the year and at January 1, 2011, Goodwill maintained cash and cash equivalents in excess of the FDIC coverage limits.

TRADE AND CHARTER SCHOOL ACCOUNTS RECEIVABLE

Trade accounts receivable are unsecured customer obligations generally requiring payment within 30 days of the invoice date. Charter school receivables of GEI are due from Indiana governmental entities over periods of time up to six months from the statement of financial position date.

Accounts receivable are stated at the amount billed to the customer or at amounts determined by public statute. Generally, customer account balances with invoices dated over 30 days are considered delinquent.

Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances that are past due and based on an assessment of current creditworthiness and other factors, estimates the portion, if any, of the balance that will not be collected.

INVENTORIES

The retail store and e-commerce operations of Goodwill contain donated inventories. When received, donated items have little or no economic value to Goodwill and therefore are not recorded at the time of donation. Inventories are ultimately valued in the financial statements based on the costs incurred to place donated items in a saleable condition. Donated goods are sold through retail, e-commerce and salvage sales channels. Costs included in inventory include those incurred to collect, transport and process donated items to place them for sale in Goodwill's retail stores, e-commerce operations, or to salvage and recycling dealers. Retail store, e-commerce, recycling and salvage sales are reflected in the statement of activities as sales - donated goods. The retail and commercial services operations of Goodwill also contain purchased goods inventories, which are stated at the lower of cost or market using the specific identification method. Cost of sales is included in retail and commercial services expenses in the statement of functional expenses.

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 1, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

PROPERTY AND EQUIPMENT

Property and equipment are recorded at historical cost. Donated property is recorded at the fair market value at the date of donation. Depreciation is computed on the straight-line method over estimated useful lives ranging from 10 to 40 years for buildings and building improvements, and from 3 to 10 years for equipment. Property additions and improvements are capitalized and expenditures for normal maintenance and repairs are expensed as incurred.

Goodwill accumulates certain costs for capital projects until the projects are placed in service, at which time they become depreciable fixed assets. Goodwill's statement of financial position reflected construction projects in progress totaling \$254,934 and \$350,946 at January 1, 2011 and January 2, 2010, respectively.

OTHER ASSETS

In December 2006, Goodwill issued \$12 million of tax-exempt bonds to finance several capital projects and to refinance prior bond debt at a lower interest rate. Transaction costs for the bond issuance totaled \$139,483 and are being amortized over the life of the bonds and the supporting letter of credit. Amortization costs are included in interest expense on the statement of functional expenses.

NET ASSETS

Goodwill maintains the following classifications of net assets:

Unrestricted

These include revenue and expenses from the regular operations of Goodwill, which are at the discretion of management and the Board of Directors.

Temporarily Restricted

These include donations and grant revenues used to meet expenses of current operations in accordance with restrictions specified by the donors or grantors. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

CONTRIBUTIONS

Contributions are recognized when the donor makes an unconditional promise to give to Goodwill and are recorded at their fair values as revenues and assets in the period received. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 1, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

EXPENSE ALLOCATION

Expenses have been classified as retail and commercial services, workforce services, education services, general and administrative and fundraising. Goodwill uses actual direct expenditures and cost allocations, based on estimates of time and usage by Goodwill personnel and programs, to classify its expenses.

ADVERTISING

Advertising and printing expenses totaled \$1,291,468 in 2010 and \$1,550,104 in 2009. Goodwill's policy is to record advertising expenditures in the period in which they are incurred.

SUBSEQUENT EVENTS

Subsequent events have been considered through March 9, 2011, which was the date the financial statements were available to be issued.

2. TAX STATUS

Goodwill and its subsidiaries are Indiana non-profit corporations, exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. However, if income was generated from certain activities not directly related to Goodwill's tax-exempt purposes, such income would be subject to taxation as unrelated business income. Goodwill and its subsidiaries are not considered private foundations as defined in Section 509(a) of the Internal Revenue Code.

Accounting Standards for Income Taxes provide detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. Goodwill regularly evaluates its activities to determine that they are in compliance with its tax-exempt purpose. Currently, Goodwill's management does not believe it is engaged in any activities that would generate unrelated business income or create an uncertain tax position. Goodwill is no longer subject to examination by taxing authorities for years before 2007.

3. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are summarized as follows:

	January 1, <u>2011</u>	January 2, <u>2010</u>
Trade accounts receivable	\$ 2,930,695	\$ 2,934,207
Less – allowance for uncollectible accounts	<u>(83,921)</u>	<u>(101,173)</u>
Trade accounts receivable, net	<u>\$ 2,846,774</u>	<u>\$ 2,833,034</u>

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 1, 2011

4. INVENTORIES

Inventories are summarized as follows:

	January 1, <u>2011</u>	January 2, <u>2010</u>
Donated goods	\$ 3,209,763	\$ 1,603,482
Purchased goods	<u>760,063</u>	<u>459,058</u>
	<u>\$ 3,969,826</u>	<u>\$ 2,062,540</u>

5. INVESTMENTS

Goodwill's investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair value in the statements of financial position (see Note 13). Unrealized gains and losses are reported in the statement of activities.

Goodwill held the following investment securities at:

	January 1, <u>2011</u>	January 2, <u>2010</u>
Mutual funds – market value	<u>\$ 4,775,593</u>	<u>\$ 3,671,533</u>
Mutual funds – cost basis	<u>\$ 4,775,929</u>	<u>\$ 3,678,536</u>

6. BONDS, NOTES AND CAPITAL LEASES PAYABLE

- a. Goodwill has a committed line of credit with a commercial bank, expiring September, 2011. This line of credit provides for maximum borrowings of \$4,000,000 and bears interest at a rate equal to the bank's commercial bank rate less one percent (a total of 2.25% at January 1, 2011). As of January 1, 2011 and January 2, 2010, Goodwill had \$1,135,279 and \$2,093,510 respectively, outstanding on the line of credit. The maximum borrowed under this line of credit during 2010 was \$1,707,262. The line of credit includes a non-use fee of 0.10% of the unused balance. In 2010 and 2009, Goodwill paid \$3,056 and \$1,598 in non-use fees.
- b. In 1996, Goodwill issued \$8.8 million of tax-exempt long-term bonds. The bonds bear interest at an adjustable interest rate and currently re-price every seven days based on market conditions. The interest rate approximates the quoted weekly Securities Industry and Financial Markets Association (SIFMA) Index rate. During 2010, the interest rate on the bonds ranged from 0.31% to 0.41%. Annually on June 1, Goodwill is required to make principal payments of \$440,000, through 2015. In 2010, Goodwill sold a retail store that was originally financed with the 1996 bond issue. As a result, Goodwill repaid an additional \$230,000 of bond principal upon closing the sale transaction, which represented the prorated amount of then-outstanding bond debt related to the building that was sold. The outstanding balance of the bonds payable at January 1, 2011 and January 2, 2010 was \$1,850,000 and \$2,735,000, respectively.

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 1, 2011

6. BONDS, NOTES AND CAPITAL LEASES PAYABLE, CONTINUED

Goodwill maintains a direct-pay letter of credit facility with a commercial bank that secures Goodwill's 1996 tax-exempt bonds. Goodwill pays a fee equal to 50 basis points to the bank to maintain the letter of credit. During the fiscal years ended January 1, 2011 and January 2, 2010, Goodwill paid \$11,572 and \$15,006, respectively, to maintain the letter of credit, which is included in interest expense in the statement of functional expenses.

Goodwill pays remarketing fees to a third party remarketing agent for the 1996 bonds, equal to 0.125% of the amount of bonds traded each year. Goodwill paid \$550 and \$425 of remarketing fees in 2010 and 2009, respectively.

- c. In December 2006, Goodwill issued \$12 million of tax-exempt long-term bonds, the proceeds of which were used to build 2 new retail stores, refinance then-existing debt, and remodel Goodwill's Indianapolis headquarters campus to accommodate new charter high school space and related ancillary facilities. The bonds bear interest at an adjustable interest rate and currently re-price every seven days based on market conditions. The interest rate approximates the quoted weekly Securities Industry and Financial Markets Association (SIFMA) Index rate. In 2010, the interest rate on the bonds ranged from 0.18% to 0.48%. Goodwill is required to make annual principal payments of \$600,000, through 2027. The outstanding balance of the bonds payable at January 1, 2011 and January 2, 2010 was \$10,200,000 and \$10,800,000, respectively.

Goodwill maintains a direct-pay letter of credit facility with a commercial bank that secures Goodwill's 2006 tax exempt bonds. Goodwill pays a fee equal to 50 basis points to the bank to maintain the letter of credit. Goodwill paid letter of credit fees for the 2006 bonds of \$53,003 and \$55,283 in 2010 and 2009, respectively.

Goodwill also pays remarketing fees to a remarketing agent for the 2006 bonds, equal to 0.10% of the amount of bonds outstanding. Goodwill paid \$10,256 and \$10,850 of remarketing fees in 2010 and 2009, respectively.

- d. In 2010 and prior years, GEI borrowed from the Indiana Common School Fund to fund its charter school operations and costs associated with enrollment growth. Loan repayments, including interest, are deducted monthly from state public tuition receipts. The outstanding balance on the loans from the Indiana Common School Fund was \$2,144,792 and \$864,878 at January 1, 2011 and January 2, 2010, respectively. In 2009, the Indiana legislature enacted a moratorium on repayments of Common School Fund loans by charter schools for two years. Accordingly, GEI elected to suspend its loan repayments. Interest on the loans continues to accrue during the moratorium. The 2011 Indiana legislative session has proposed a charter school bill that would, among other things, cancel the interest due on all Common School Fund growth loans. Goodwill's management is unable to determine whether the proposed legislation will be enacted. Details of the borrowings from the Indiana Common School Fund are as follows:

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 1, 2011

6. BONDS, NOTES AND CAPITAL LEASES PAYABLE, CONTINUED

Indianapolis Metropolitan High School

<u>Year of Issuance</u>	<u>Original Borrowing</u>	<u>Interest Rate</u>	<u>Term of Loan</u>	<u>Amount Outstanding as of January 1, 2011</u>
2004	\$453,020	4%	20 years	\$362,416
2005	\$305,111	4%	20 years	\$268,235
2006	\$260,253	4%	20 years	\$234,227
2010	\$381,744	1%	3 years	\$381,744

Excel Center

<u>Year of Issuance</u>	<u>Original Borrowing</u>	<u>Interest Rate</u>	<u>Term of Loan</u>	<u>Amount Outstanding as of January 1, 2011</u>
2010	\$898,170	4%	20 years	\$898,170

- e. In prior years, Goodwill leased computers and related equipment through capital leases. The leases have varying expiration dates through 2012. The principal balance of the lease obligations at January 1, 2011 and January 2, 2010 was \$25,013 and \$103,608, respectively. The leases include interest at an average annual rate of 7%.
- f. Total interest expense on the line of credit and long-term debt for the years ended January 1, 2011 and January 2, 2010 was \$340,746 and \$395,750, respectively.
- g. Goodwill is party to an interest rate swap in order to manage interest rate risk on a portion of its bond debt, the notional amount of which was \$6,467,500 at January 1, 2011. The swap agreement provides for Goodwill to pay a fixed interest rate of 3.85% for ten years in exchange for the underlying floating interest rate. At January 1, 2011 and January 2, 2010, the swap had a negative fair value of \$654,678 and \$563,790, respectively. The fair value of the swap is included in other long-term liabilities on the statement of financial position, and the change in fair value from 2009 to 2010 is recorded as a loss on interest rate swap hedge on the statement of activities. The fair value of the swap is based on quoted replacement swap rates in effect at the valuation date. The replacement rate utilized in the valuation at January 1, 2011 was approximately 1.08%.

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 1, 2011

6. BONDS, NOTES AND CAPITAL LEASES PAYABLE, CONTINUED

h. The aggregate maturities of long-term debt are as follows for the following fiscal years:

2011	\$	1,271,233
2012		1,281,588
2013		1,263,076
2014		1,135,828
2015		785,828
Thereafter		8,509,367
	\$	<u>14,246,920</u>

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are generated primarily through private grants and are available for the following purposes:

	January 1, <u>2011</u>	January 2, <u>2010</u>
Youth education and training	\$ 22,643	\$ 229,388
Other workforce development initiatives	-	8,778
	<u>\$ 22,643</u>	<u>\$ 238,166</u>

8. LEASE OBLIGATIONS

Goodwill leases 30 retail stores and six other buildings used in operations. The lease agreements have terms of up to 12 years from the lease commencement date, and certain leases have one or more renewal options for up to an additional five years per option. Aggregate rental expense for the years ended January 1, 2011 and January 2, 2010, including common area maintenance charges, totaled \$7,914,604 and \$6,646,746, respectively. Four of Goodwill's retail store leases contain a right of first refusal. This right provides Goodwill an option to purchase the store at fair market value if the landlord has a bona fide offer from a third party. Fair market value is the price offered by a third party in an arms-length transaction. Goodwill's management cannot determine if it would elect to purchase any of the stores for which it has a right of first refusal.

Goodwill leases computers and office equipment. The computer lease agreements expired in 2009. The office equipment lease agreement expires in 2014. Rent expense under these leases was \$66,044 and \$13,957 for the years ended January 1, 2011 and January 2, 2010, respectively.

Goodwill leases vehicles, equipment and drivers used in operations. The leases expire in February 2014. Fixed lease costs are \$7,404 weekly, and variable costs are \$0.1586 per mile driven. Labor rates for drivers vary from \$19.41 to \$21.09 per straight-time hour. Goodwill's expense under these leases was \$943,088 and \$1,103,146 for the years ended January 1, 2011 and January 2, 2010, respectively.

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 1, 2011

8. LEASE OBLIGATIONS, CONTINUED

Future minimum rental payments required under operating leases that have initial or remaining lease terms as of January 1, 2011 are as follows for the fiscal years ending:

2011	\$	7,644,090
2012		7,695,467
2013		7,701,937
2014		7,007,807
2015		6,691,008
Thereafter		<u>21,623,016</u>
	\$	<u>58,363,325</u>

9. RETIREMENT PLAN

Goodwill maintains a discretionary thrift plan which allows eligible employees to contribute up to 15% of pre-tax gross income, subject to certain IRS limitations. Goodwill matches 100% of eligible employees' pre-tax contributions up to 3% of gross income, and 50% of the next 3% of gross income. Goodwill may also make additional discretionary contributions to the plan. Employer matching contributions vest after three years or in the event of death or disability. Employer discretionary contributions vest after five years or in the event of death or disability. Goodwill's expense relating to contributions to the thrift plan for the fiscal years ended January 1, 2011 and January 2, 2010 was \$1,234,248 and \$1,066,196, respectively.

10. RELATED PARTY TRANSACTIONS

Goodwill Industries Foundation of Central Indiana, Inc. (the "Foundation") has common management with Goodwill and provides grant support for Goodwill and GEI. The accompanying financial statements of Goodwill have not been consolidated with those of the Foundation due to less than a majority voting interest and lack of controlling financial interest between the two organizations. At December 31, 2010 and 2009, the Foundation had net assets of \$24.1 million and \$21.1 million, respectively, consisting primarily of equity mutual fund investments and alternative investments consisting of private equity and natural resource funds. For the years ended January 1, 2011 and January 2, 2010, the Foundation granted to Goodwill \$349,232 and \$2,113,554, respectively, which is included in "support" on the statement of activities. The Foundation also reimburses Goodwill for certain fundraising expenses and pays Goodwill a management fee. This reimbursement and management fee totaled \$327,589 and \$438,040 for the years ended January 1, 2011 and January 2, 2010, respectively. Included in other receivables at January 1, 2011 and January 2, 2010 is \$58,120 and \$1,210,574, respectively, due from the Foundation for grants receivable from the Foundation, reimbursement of fundraising expenses incurred by Goodwill and expenses of the Foundation paid by Goodwill.

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 1, 2011

11. FUTURE GRANT AUDITS

Under the terms of federal grants awarded to Goodwill, periodic audits are required and certain costs may be challenged as to allowability under the terms of the grants. Such audits could lead to reimbursement to the grantor. Management believes the likelihood that material costs incurred by Goodwill will be disallowed is remote.

12. SELF INSURANCE

Goodwill self insures for employee and dependent medical benefits up to a per-individual annual maximum of \$100,000, and an aggregate maximum of approximately \$6.6 million. Goodwill purchases reinsurance which pays individual claims that exceed \$100,000 per year, up to a per individual maximum of \$2 million, and up to \$1 million beyond the aggregate self-insured maximum. The reinsurer reviews claims annually and upon renewal of the reinsurance policy each year may establish higher specific maximums on selected individuals with high claims risks. Goodwill purchases claims administration services from a third party administrator. Self insured medical expenses and related administrative costs were \$5,574,081 and \$6,395,234 for the years ended January 1, 2011 and January 2, 2010, respectively. Goodwill maintains an estimated liability for incurred but not reported medical claims based on average claim costs and claims processing lag times. At January 1, 2011 and January 2, 2010, the estimated liability was \$779,171 and \$702,754, respectively, and is included in accrued liabilities on the statement of financial position.

13. FAIR VALUE MEASUREMENTS

Fair values measured on a recurring basis at January 1, 2011 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Fixed income mutual fund	\$ 4,775,593	\$ 4,775,593	\$ -	\$ -
Interest rate swap	\$ (654,678)	\$ -	\$ (654,678)	\$ -

GOODWILL INDUSTRIES OF CENTRAL INDIANA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 1, 2011

13. FAIR VALUE MEASUREMENTS, CONTINUED

Fair values measured on a recurring basis at January 2, 2010 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Fixed income mutual fund	\$ 3,671,533	\$ 3,671,533	\$ -	\$ -
Interest rate swap	\$ (563,790)	\$ -	\$ (563,790)	\$ -

Fair values for investments are determined by reference to readily available quoted market prices and other relevant information generated by market transactions. Fair value for the interest rate swap is determined by the prevailing one-month LIBOR rate at the valuation date.

14. SUBSEQUENT EVENTS

Subsequent to January 1, 2011, Goodwill entered into a five-year operating lease agreement for a new, smaller-format retail store, which will open in spring 2011. Under the lease agreement, Goodwill will make annual lease payments of \$52,860, plus its share of common area expenses. The lease contains two five-year extension options. Goodwill also entered a 10 year operating lease for a new store which will open in fall 2011. Under this agreement, Goodwill will make annual lease payments of \$182,325, plus common area expenses. The lease contains three five-year extension options. Goodwill's management cannot determine whether it will exercise any of its lease extension options.

Attachment 24 – Litigation Documentation

GEI and its schools have no history of litigation.